



DOT

Report QC2022015
November 15, 2021

Quality Control Review of the Independent Auditors' Report on the Department of Transportation's Audited Consolidated Financial Statements for Fiscal Years 2021 and 2020



Quality Control Review on the Independent Auditors' Report on the Department of Transportation's Audited Consolidated Financial Statements for Fiscal Years 2021 and 2020

Required by the Chief Financial Officers Act of 1990

Department of Transportation | QC2022015 | November 15, 2021

What We Looked At

We contracted with the independent public accounting firm KPMG LLP to audit the Department of Transportation's (DOT) consolidated financial statements as of and for the fiscal years ended September 30, 2021, and September 30, 2020. KPMG was required to provide an opinion on those financial statements, report on internal control over financial reporting, and report on compliance with laws and other matters. The contract also required KPMG to perform the audit in accordance with U.S. generally accepted Government auditing standards, Office of Management and Budget audit guidance, and the Governmental Accountability Office's and Council of the Inspectors General on Integrity and Efficiency's *Financial Audit Manual*. We performed a quality control review of KPMG's report dated November 12, 2021, and related documentation, and inquired of its representatives.

What We Found

Our quality control review disclosed no instances in which KPMG did not comply, in all material respects, with U.S. generally accepted Government auditing standards.

Our Recommendations

DOT concurred with KPMG's seven recommendations. We agree with KPMG's recommendations and are not making any additional recommendations.

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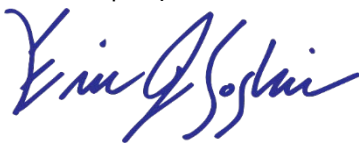
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Memorandum

Date: November 15, 2021

Subject: ACTION: Quality Control Review of the Independent Auditors' Report on the Department of Transportation's Audited Consolidated Financial Statements for Fiscal Years 2021 and 2020 | Report No. QC2022015

From: Eric J. Soskin
Inspector General 

To: The Secretary

I respectfully submit the results of our quality control review (QCR) of the independent auditors' report on the Department of Transportation's (DOT) audited consolidated financial statements for fiscal years 2021 and 2020.

We contracted with the independent public accounting firm KPMG LLP to audit DOT's consolidated financial statements as of and for the fiscal years ended September 30, 2021, and September 30, 2020, and provide an opinion on those financial statements, report on internal control over financial reporting, and report on compliance with laws and other matters. The contract required the audit to be performed in accordance with U.S. generally accepted Government auditing standards, Office of Management and Budget audit guidance, and the Government Accountability Office's and Council of the Inspectors General on Integrity and Efficiency's *Financial Audit Manual*.¹

We appreciate the cooperation and assistance of DOT's representatives and KPMG. If you have any questions about this report, please call me at (202) 366-8543 or Dormayne Dillard-Christian, Acting Assistant Inspector General for Financial Audits, at (202) 570-6381.

cc: DOT Audit Liaison, M-1
Federal Aviation Administrator

¹ GAO, *Financial Audit Manual*, Volume 1 (GAO-18-601G), April 2020; Volume 2 (GAO-18-625G), March 2021; Volume 3 (GAO-21-105127), September 2021.

Federal Aviation Administration Audit Liaison, AAE-001
Federal Highway Administrator
Federal Highway Administration Audit Liaison, HCFB-23
Federal Transit Administrator
Federal Transit Administration Audit Liaison, TBP-30

Independent Auditors' Report

In its report on DOT's consolidated financial statements for fiscal years 2021 and 2020, KPMG states that

- DOT's consolidated financial statements² (see attachment 3) were fairly presented, in all material respects, in accordance with U.S. generally accepted accounting principles;
- it found two significant deficiencies³ in internal control over financial reporting that it did not consider to be a material weakness;⁴ and
- there were no instances of reportable noncompliance with provisions of laws tested, or reportable other matters.

KPMG made seven recommendations to address the significant deficiencies in internal control over financial reporting (see attachment 1).

Significant Deficiencies

Weaknesses in general information technology controls. KPMG identified general information technology control deficiencies at the application, database, and/or operating system levels related to audit log review and access controls for user access management, financial data, general ledger, timekeeping, inventory, procurement, environmental, financial management, and grant payment and management systems. More specifically, controls were not operating effectively over

- the review of audit logs, including documentation to evidence appropriate and timely completion of the review; or
- system access, including privileged account reviews, new user authorizations, and periodic review and recertification of access.

² DOT's full Financial Report is available at <https://www.transportation.gov/mission/budget/financial-management>.

³A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness but important enough to merit attention by those charged with governance. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

⁴A material weakness is a deficiency, or a combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

KPMG also determined that operating administration management did not develop component-specific implementation of security plan requirements for certain systems.

Weaknesses in controls over the monitoring of service organizations. KPMG found control deficiencies existed over the monitoring of the Department's service organizations and assessment of impact to their system of internal control over financial reporting. Specifically,

- controls were not designed and implemented over the risk assessment process to identify and develop an approach to assess the control environment relevant to internal controls over financial reporting when the reporting period of the service organization report is not aligned with Department's fiscal year;
- controls were not operating effectively to demonstrate or document a review of service organization controls (SOC) reports and the related subservice provider reports; and
- management did not document their considerations over the results of an applicable service organization report, and the potential impact of findings in the SOC report on its internal control over the financial reporting process.

Recommendations

KPMG made the following recommendations to help strengthen DOT's general information technology controls and monitoring of service organizations controls. KPMG recommended that DOT management:

1. Design and implement procedures to consistently and timely perform and document audit log reviews as required by standards for effective internal control systems and/or internal policy;
2. Design and implement procedures to consistently and timely perform and document user account access reviews as required by standards for effective internal control systems and/or internal policy;
3. Design and implement component-specific system security plan requirements in instances where plans for those areas not addressed in the Departmental system security plan;
4. Design and implement procedures related to the retention of appropriate supporting evidence of internal controls, including but not limited to,

access administration, access recertification, audit log review, and patch management;

5. Strengthen its policies and procedures to formalize a complete process to assess and monitor applicable third-party service organizations risk assessment to determine the impact of a timing gap between the issuance of service organization SOC reports and the Department's fiscal year;
6. Strengthen its policies and procedures to formalize a complete process to assess and monitor applicable third-party service organizations documented review of applicable SOC reports, which includes a consideration of results year over year, implementation of the service organizations' recommended complimentary user entity controls and monitor such controls for proper design, implementation and operating effectiveness; and
7. Strengthen its policies and procedures to formalize a complete process to assess and monitor applicable third-party service organizations review and evaluation of findings identified within the service organization's SOC report and assess the impact on the Department's internal control over financial reporting.

Quality Control Review

We performed a QCR of KPMG's report, dated November 12, 2021, and related documentation, and inquired of its representatives. Our review, as differentiated from an audit of the financial statements in accordance with U.S. generally accepted Government auditing standards, was not intended to enable us to express, and we do not express, an opinion on DOT's financial statements or conclusions about the effectiveness of internal control over financial reporting, or compliance with laws and other matters. KPMG is responsible for its report and the conclusions expressed therein.

Our QCR disclosed no instances in which KPMG did not comply, in all material respects, with U.S. generally accepted Government auditing standards.

Agency Comments and OIG Response

KPMG provided DOT with its draft report on November 9, 2021, and received DOT's response, dated November 12, 2021 (see attachment 2). DOT agreed with the deficiencies KPMG found. DOT also concurred with KPMG's seven

recommendations and committed to developing a corrective action plan to address the deficiencies by December 31, 2021. We agree with KPMG's recommendations and are not making any additional recommendations.

Actions Required

We consider all seven of KPMG's recommendations open and unresolved pending receipt of the corrective action plan.

Exhibit. List of Acronyms

DOT	Department of Transportation
OIG	Office of Inspector General
QCR	quality control review
SOC	service organization control

Attachment 1. Independent Auditors' Report



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

Secretary and Inspector General
United States Department of Transportation:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the United States Department of Transportation (Department), which comprise the consolidated balance sheets as of September 30, 2021 and 2020, and the related consolidated statements of net cost and changes in net position, and combined statements of budgetary resources for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in accordance with Office of Management and Budget (OMB) Bulletin No. 21-04, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 21-04 require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the United States Department of Transportation as of September 30, 2021 and 2020, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Interactive Data

Management has elected to reference to information on websites or other forms of interactive data outside the Agency Financial Report to provide additional information for the users of its consolidated financial statements. Such information is not a required part of the basic consolidated financial statements or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audits of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The Table of Contents, Foreword, Message from the Secretary, Other Information and List of Acronyms sections are presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements as of and for the year ended September 30, 2021, we considered the Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or



significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying exhibit as items 2021-01 and 2021-02, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's consolidated financial statements as of and for the year ended September 30, 2021 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 21-04.

We also performed tests of its compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). Providing an opinion on compliance with FFMIA was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances in which the Department's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

Department's Response to Findings

The Department's response to the findings identified in our audit is described and presented in the section *Management's Response to the Independent Auditor's Report*. The Department's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* section is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, DC
November 12, 2021

2021 - 01: Weaknesses in General Information Technology Controls

Background

The Department utilizes various information technology systems to carry out its mission and to compile amounts recorded in its financial statements. Systems may vary within each operating administration based on the individual mission and needs of the operating administration.

The Federal Highway Administration (FHWA) utilizes various systems, including but not limited to, a user profile and access control system to manage user access to various applications within the FHWA environment and a grant management system.

The Federal Transit Administration (FTA) utilizes various systems, including but not limited to, a system whereby grant recipients request payments against federal grants awarded to them, a system utilized by internal users to query, view and print financial records and reports, and a system to award and manage grant funding.

The Federal Aviation Administration (FAA) utilizes various information technology systems to carry out its mission and to compile amounts recorded in its financial statements. In addition to its general ledger system, FAA utilizes various information technology systems including; a timekeeping system to record employee time and attendance, an inventory system related to asset management and inventory control, a procurement system to record and track requisitions, purchase orders, and contracts, and a site management system that tracks the environmental investigation, remediation, and regulatory closure status of the FAA's environmental sites.

The operating administrations are required to implement certain component-specific system security plans for those areas not addressed in the Departmental system security plan.

Criteria

The U.S. Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government* (Green Book), sets the standards for an effective internal control system and provides an overall framework for designing, implementing, and operating effective internal control systems. The standards require entities to design appropriate types of control activities to include limiting access to resources and records to authorized individuals, and to periodically compare resources with the recorded accountability to help reduce the risk of errors, fraud, misuse, or unauthorized alteration. In addition, management should communicate quality information down and across reporting lines to enable personnel to perform key roles in achieving objectives, addressing risks, and supporting the internal control system. In these communications, management assigns the internal control responsibilities for key roles.

Condition

Control deficiencies exist at the application, database, and/or operating system levels related to audit log review and access controls for the systems mentioned above and as listed below:

- Remediation was not completed for controls identified in the prior year as not operating effectively over the review of audit logs, including documentation to evidence appropriate and timely completion of the review.
- Controls were not operating effectively over system access, including privileged account reviews, new user authorizations, and periodic review and recertification of access.

In addition, operating administration management did not develop component-specific implementation of security plan requirements for certain systems.

Cause

Management has not established, or consistently implemented procedures to ensure compliance with standards for effective internal control systems and/or internal policy.

Effect

The absence of timely reviews of audit logs, leaves the Department exposed to the risk of delays in identifying and responding to incidents which could result in the exposure, modification, or loss of system data. Further, user accounts with inappropriate access may result in unauthorized use, disclosure, or modification of system data. Lastly, weaknesses in security management controls increase the risk that systems are not properly controlled and secured.

Recommendations

We recommend that management design and implement:

1. Procedures to consistently and timely perform and document audit log reviews as required by standards for effective internal control systems and/or internal policy.
2. Procedures to consistently and timely perform and document user account access reviews as required by standards for effective internal control systems and/or internal policy.
3. Component-specific system security plan requirements in instances where plans for those areas not addressed in the Departmental system security plan.
4. Procedures related to the retention of appropriate supporting evidence of internal controls, including but not limited to, access administration, access recertification, audit log review, and patch management.

2021 - 02: Weaknesses in Monitoring of Service Organizations

Background

The Department engages various external parties to perform select operations on its behalf. These service organizations include, but are not limited to, a payroll provider to process personnel actions and payroll transactions and a cloud hosting service.

Criteria

The Green Book standards for internal control require entities to perform ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Management retains responsibility for monitoring the effectiveness of internal control over the assigned processes performed by service organizations. Management uses ongoing monitoring, separate evaluations, or a combination of the two to obtain reasonable assurance of the operating effectiveness of the service organization's internal controls over the assigned process. Monitoring activities related to service organizations may include the use of work performed by external parties, such as service auditors, and reviewed by management.

Further, the standards require that management evaluate and document internal control issues and determines appropriate corrective actions for internal control deficiencies on a timely basis. Management evaluates issues identified through monitoring activities or reported by personnel to determine whether any of the issues rise to the level of an internal control deficiency. Internal control deficiencies require further evaluation and remediation by management.

Condition

Control deficiencies exist in the monitoring over the Department's service organizations and assessment of the impact to their system of internal control over financial reporting. Specifically:

1. Controls are not designed and implemented over the risk assessment process to identify and develop an approach to assess the control environment relevant to its internal controls over financial reporting when the reporting period of the service organization report is not aligned with Department's fiscal year.
2. Controls were not operating effectively to demonstrate or document a review of Service Organization Controls (SOC) reports and the related subservice provider reports.
3. Management did not document their considerations over the results of an applicable service organization report, and the potential impact of findings in the SOC report on its internal control over the financial reporting process.

Cause

Management's current oversight process surrounding service organizations is not adequately defined and documented to allow the Department to achieve its monitoring objectives in support of internal controls over financial reporting.

Effect

The absence of a properly documented risk assessment, monitoring and evaluation of service organizations and the related SOC reports increases the risk that DOT management does not effectively monitor and assess the following:

1. The impact of services and related controls (or lack thereof) provided by third-party service providers on the financial reporting processes.
2. The impact of exceptions to the operating effectiveness of controls at the third-party service organization on the financial statements of the Department.

Recommendations

We recommend management strengthen its policies and procedures to formalize a complete process to assess and monitor applicable third-party service organizations that includes:

1. Risk assessment to determine the impact of a timing gap between the issuance of service organization SOC reports and the Department's fiscal year.
2. Documented review of applicable SOC reports, which includes a consideration of results year over year, implementation of the service organizations' recommended complimentary user entity controls and monitor such controls for proper design, implementation and operating effectiveness.
3. Review and evaluation of findings identified within the service organization's SOC report and assess the impact on the Department's internal control over financial reporting.

Attachment 2. Agency Response



U.S. Department of
Transportation
Office of the Secretary
of Transportation

Memorandum

Subject: INFORMATION: Management Response to the
Audit Report on the Consolidated Financial Statements for
Fiscal Year (FY) 2021

From: Victoria B. Wassmer
Deputy Assistant Secretary for Finance and Budget

VICTORIA BAECHER
WASSMER

Digitally signed by VICTORIA
BAECHER WASSMER
Date: 2021.11.12 08:05:01 -05'00'

To: Eric J. Soskin
Inspector General

James Gould
Partner, KPMG LLP

CC: Lana Hurdle, Deputy Assistant Secretary for Budget and Programs
Jennifer Funk, Deputy Chief Financial Officer

I am pleased to respond to the report on the Department of Transportation's (DOT) Consolidated Financial Statements. Our financial management professionals came together, like no time before, to ensure the agency's mission and financial management objectives were achieved. We take great pride in our ability to sustain strong and vigilant financial management, as demonstrated in our achievement of an unmodified audit opinion.

We view the audit as an opportunity for continuous improvement as we promote the prudent, effective, and efficient use of funds across the Department. We concur with the two significant deficiencies contained in the report on internal controls over financial reporting and the corresponding recommendations. Corrective actions are already underway, and we will submit a detailed plan along with estimated completion dates of the actions to the Inspector General no later than December 31, 2021.

I appreciate the professionalism and cooperation exhibited by your office during the audit. Our combined efforts and teamwork made the difference in successfully meeting the objectives of the financial audit process.

Please refer questions to the Deputy Chief Financial Officer, Ms. Jennifer Funk (202-366-5628).

Attachment 3. Agency Financial Statements, Related Notes, and Required Supplemental Information

Principal Statements

CONSOLIDATED BALANCE SHEETS

As of September 30, 2021 and 2020

DOLLARS IN THOUSANDS	2021	2020
ASSETS		
Intragovernmental		
Fund Balance with Treasury (Note 2)	\$ 114,363,099	\$ 65,290,548
Investments, Net (Note 3)	30,264,917	22,390,869
Accounts Receivable, Net (Note 4)	88,926	80,621
Advances and Prepayments (Note 5)	18,929	23,431
Total Intragovernmental	144,735,871	87,785,469
With the Public		
Accounts Receivable, Net (Note 4)	104,738	98,887
Loans Receivable, Net (Note 6)	15,245,491	16,874,044
Inventory and Related Property, Net (Note 7)	1,037,990	1,057,263
General Property, Plant and Equipment, Net (Note 8)	12,711,237	12,440,128
Advances and Prepayments (Note 5)	2,981,814	1,354,688
Other Assets	-	88
Total with the Public	32,081,270	31,825,098
Total Assets	<u>\$ 176,817,141</u>	<u>\$ 119,610,567</u>
Stewardship Property, Plant and Equipment (Note 9)		
LIABILITIES (NOTE 10)		
Intragovernmental		
Accounts Payable	\$ 12,887	\$ 35,793
Debt (Note 11)	15,065,013	17,007,979
Advances From Others and Deferred Revenue	674,370	515,607
Other Liabilities (Note 14)	1,560,552	769,306
Total Intragovernmental	17,312,822	18,328,685
With the Public		
Accounts Payable	565,931	586,858
Loan Guarantee Liability (Note 6)	145,644	192,993
Federal Employee Benefits Payable	1,495,873	1,511,202
Environmental and Disposal Liabilities (Note 12 and Note 16)	864,883	876,612
Advances From Others and Deferred Revenue	279,028	392,406
Other Liabilities		
Accrued Grant Liabilities (Note 13)	16,091,015	15,791,963
Other Liabilities (Note 14)	546,751	506,949
Total with the Public	19,989,125	19,858,983
Total Liabilities	<u>\$ 37,301,947</u>	<u>\$ 38,187,668</u>
Commitments and contingencies (Note 16)		
NET POSITION		
Unexpended Appropriations—Funds From Dedicated Collections (Combined) (Note 17)	\$ 719,382	\$ 489,609
Unexpended Appropriations—Funds from Other than Dedicated Collections (Combined)	95,377,129	45,324,553
Total Unexpended Appropriations (Combined)	96,096,511	45,814,162
Cumulative Results of Operations - Funds From Dedicated Collections (Combined) (Note 17)	32,310,357	24,367,243
Cumulative Results of Operations - Funds from Other than Dedicated Collections (Combined)	11,108,326	11,241,494
Total Cumulative Results of Operations (Combined)	43,418,683	35,608,737
Total Net Position	139,515,194	81,422,899
Total Liabilities and Net Position	<u>\$ 176,817,141</u>	<u>\$ 119,610,567</u>

CONSOLIDATED STATEMENTS OF NET COST

For the years ended September 30, 2021 and 2020

DOLLARS IN THOUSANDS	2021	2020
Program Costs		
SURFACE TRANSPORTATION		
Gross Costs	\$ 76,859,546	\$ 83,184,207
Less: Earned Revenue	1,002,010	1,175,521
Net Program Costs	75,857,536	82,008,686
AIR TRANSPORTATION		
Gross Costs	26,493,424	25,978,273
Less: Earned Revenue	467,769	555,638
Net Program Costs	26,025,655	25,422,635
MARITIME TRANSPORTATION		
Gross Costs	817,428	1,041,356
Less: Earned Revenue	479,784	461,255
Net Program Costs	337,644	580,101
CROSS-CUTTING PROGRAMS		
Gross Costs	492,317	603,825
Less: Earned Revenue	115,711	177,924
Net Program Costs	376,606	425,901
Costs Not Assigned to Programs	259,691	229,339
Less: Earned Revenues Not Attributed to Programs	6,429	1,448
Net Cost of Operations	<u>\$ 102,850,703</u>	<u>\$ 108,665,214</u>

CONSOLIDATED STATEMENTS OF CHANGES IN NET POSITION

For the years ended September 30, 2021 and 2020

DOLLARS IN THOUSANDS	2021			2020		
	Funds from Dedicated Collections (Combined)	Funds from Other than Dedicated Collections (Combined)	Total	Funds from Dedicated Collections (Combined)	Funds from Other than Dedicated Collections (Combined)	Total
UNEXPENDED APPROPRIATIONS						
Beginning Balance	\$ 489,609	\$ 45,324,553	\$ 45,814,162	\$ 734,821	\$ 33,462,200	\$ 34,197,021
Appropriations Received (Note 1W)	483,500	109,645,432	110,128,932	167,000	46,899,549	47,066,549
Appropriations Transferred-in/(out)	-	10,000	10,000	(15,536)	10,000	(5,536)
Other Adjustments	(50,235)	(489,484)	(539,719)	(59,638)	(35,079)	(94,717)
Appropriations Used	(203,492)	(59,113,372)	(59,316,864)	(337,038)	(35,012,117)	(35,349,155)
Net Change in Unexpended Appropriations	229,773	50,052,576	50,282,349	(245,212)	11,862,353	11,617,141
Total Unexpended Appropriations: Ending	719,382	95,377,129	96,096,511	489,609	45,324,553	45,814,162
CUMULATIVE RESULTS OF OPERATIONS						
Beginning Balance	24,367,243	11,241,494	35,608,737	44,901,862	11,512,796	56,414,658
Other Adjustments	-	(64)	(64)	1,971	(46)	1,925
Appropriations Used	203,492	59,113,372	59,316,864	337,038	35,012,117	35,349,155
Nonexchange Revenue (Note 18)	52,003,570	1,224	52,004,794	52,368,096	1,282	52,369,378
Donations/Forfeitures of Cash/Cash Equivalents	1,272	-	1,272	1,167	-	1,167
Transfers-in/(out) Without Reimbursement	27,136,172	(27,097,963)	38,209	9,252,263	(9,179,171)	73,092
Donations and Forfeitures of Property	-	25,703	25,703	-	(115,784)	(115,784)
Imputed Financing	421,398	63,269	484,667	368,673	55,691	424,364
Other	(1,064,619)	(146,177)	(1,210,796)	(1,356,373)	1,112,369	(244,004)
Net Cost of Operations	70,758,171	32,092,532	102,850,703	81,507,454	27,157,760	108,665,214
Net Change in Cumulative Results of Operations	7,943,114	(133,168)	7,809,946	(20,534,619)	(271,302)	(20,805,921)
Cumulative Results of Operations: Ending	32,310,357	11,108,326	43,418,683	24,367,243	11,241,494	35,608,737
Net Position	\$ 33,029,739	\$ 106,485,455	\$ 139,515,194	\$ 24,856,852	\$ 56,566,047	\$ 81,422,899

COMBINED STATEMENTS OF BUDGETARY RESOURCES

For the years ended September 30, 2021 and 2020

DOLLARS IN THOUSANDS	2021		2020	
	Budgetary	Non-Budgetary Credit Reform Financing Accounts	Budgetary	Non-Budgetary Credit Reform Financing Accounts
BUDGETARY RESOURCES (NOTE 19)				
Unobligated Balance From Prior Year Budget Authority, Net	\$ 61,474,648	\$ 368,210	\$ 61,161,514	\$ 517,324
Appropriations (Note 1W)	126,592,572	-	71,774,471	-
Borrowing Authority	-	10,565,919	-	4,519,585
Contract Authority	62,016,434	-	62,014,956	-
Spending Authority From Offsetting Collections	13,180,433	998,615	12,853,556	516,704
Total Budgetary Resources	<u>\$ 263,264,087</u>	<u>\$ 11,932,744</u>	<u>\$ 207,804,497</u>	<u>\$ 5,553,613</u>
STATUS OF BUDGETARY RESOURCES				
New Obligations and Upward Adjustments	\$ 165,188,713	\$ 10,930,135	\$ 147,346,615	\$ 5,268,053
Unobligated Balance, End of Year				
Apportioned, Unexpired Accounts	76,345,700	322,407	39,608,570	90,944
Unapportioned, Unexpired Accounts	21,485,890	680,202	20,601,807	194,616
Unexpired Unobligated Balance, End of Year	97,831,590	1,002,609	60,210,377	285,560
Expired Unobligated Balance, End of Year	243,784	-	247,505	-
Unobligated Balance, End of Year	98,075,374	1,002,609	60,457,882	285,560
Total Budgetary Resources	<u>\$ 263,264,087</u>	<u>\$ 11,932,744</u>	<u>\$ 207,804,497</u>	<u>\$ 5,553,613</u>
OUTLAYS, NET, AND DISBURSEMENTS, NET				
Outlays, Net	\$ 135,926,326		\$ 112,108,737	
Distributed Offsetting Receipts	(30,646,484)		(11,801,716)	
Agency Outlays, Net	<u>\$ 105,279,842</u>		<u>\$ 100,307,021</u>	
Disbursements, Net		<u>\$ (2,691,022)</u>		<u>\$ (3,725,801)</u>

Notes to the Principal Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The U.S. Department of Transportation (DOT or Department) reporting entity is a component of the U.S. Government. For this reason, some of the assets and liabilities reported by the entity may be eliminated for Government-wide reporting because they are offset by assets and liabilities of another U.S. Government entity. These financial statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

The Department serves as the strategic focal point in the Federal Government's national transportation plan. It partners with cities and States to meet local and national transportation needs by providing financial and technical assistance; ensuring the safety of all transportation modes; protecting the interests of the American traveling public; promoting international transportation treaties; and conducting planning and research for the future.

The Department is comprised of the Office of the Secretary and the DOT Operating Administrations, each having its own management team and organizational structure. Collectively, they provide services and oversight to ensure the best possible transportation system serves the American public. The Department's consolidated financial statements present the financial data for various trust funds, revolving funds, appropriations and special funds of the following organizations (referred to as Operating Administrations):

- **Office of the Secretary (OST)** [includes OST Working Capital Fund, Volpe National Transportation Center, and Office of the Assistant Secretary for Research and Technology]
- **Federal Aviation Administration (FAA)**
- **Federal Highway Administration (FHWA)**
- **Federal Motor Carrier Safety Administration (FMCSA)**
- **Federal Railroad Administration (FRA)**
- **Federal Transit Administration (FTA)**
- **Maritime Administration (MARAD)**
- **National Highway Traffic Safety Administration (NHTSA)**

- **Office of Inspector General (OIG)**
- **Pipeline and Hazardous Materials Safety Administration (PHMSA)**

The Great Lakes Saint Lawrence Seaway Development Corporation (GLS) is a wholly owned Government corporation and an Operating Administration of the Department. However, GLS's financial data is not consolidated into the DOT consolidated financial statements as the dollar value of its activities is not material to that of the Department taken as a whole. The GLS is subject to separate reporting requirements under the Government Corporation Control Act and undergoes its own annual financial statement audit. GLS's financial statements are available via their website.

Pursuant to the Surface Transportation Board Reauthorization Act of 2015 (P.L. 114-110), as of October 1, 2015, the Surface Transportation Board (STB) became an independent agency and is no longer an Operating Administration of the DOT. For reporting purposes, the expired STB Treasury Appropriation/Fund Symbols for FY 2015 and prior will remain on DOT's books and records until canceled, as these funds were appropriated to DOT and obligated as such.

B. Basis of Presentation

The consolidated financial statements have been prepared to report the Department's financial position and results of operations, as required by the Chief Financial Officers Act of 1990 (CFO Act) and Title IV of the Government Management Reform Act of 1994. The statements have been prepared from the DOT books and records in accordance with Office of Management and Budget (OMB) form and content requirements for entity financial statements and DOT's accounting policies and procedures. Material intradepartmental transactions and balances have been eliminated from the principal statements for presentation on a consolidated basis, except for the Combined Statement of Budgetary Resources, which is presented on a combined basis in accordance with OMB Circular A-136, *Financial Reporting Requirements*, as revised, and as such, intra-entity

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

transactions have not been eliminated. Unless otherwise noted, all dollar amounts are presented in thousands.

The Consolidated Balance Sheets and certain accompanying notes to the consolidated financial statements present agency assets, liabilities, and net position (which equals total assets minus total liabilities) as of the reporting dates. Agency assets substantially consist of entity assets (those which are available for use by the agency). Nonentity assets (those which are managed by the agency, but not available for use in its operations) are primarily for DOT's downward reestimates in its loan programs. The downward reestimates are not available to DOT and they are returned to the Treasury in the fiscal year following the accrual of the reestimates. See Note 10 for additional discussion of non-entity assets and liabilities. Agency liabilities include both those covered by budgetary resources (funded) and those not covered by budgetary resources (unfunded).

The Consolidated Statements of Net Cost present the gross costs of programs, less earned revenue, to arrive at the net cost of operations, for both the programs and the Department, as a whole for the reporting periods.

The Consolidated Statements of Changes in Net Position report beginning balances, budgetary and other financing sources, and net cost of operations, to arrive at ending net position balances.

The Combined Statements of Budgetary Resources provide information about how budgetary resources were made available, as well as the status of budgetary resources at the end of the reporting periods. Recognition and measurement of budgetary information reported on these statements is based on budget terminology, definitions, and guidance presented in OMB Circular A-11, *Preparation, Submission, and Execution of the Budget*, dated April 2021.

A Statement of Custodial Activity is not presented as DOT custodial activity is incidental to departmental operations and is not considered material to the consolidated financial statements taken as a whole. DOT custodial activity is presented in Note 20.

On the Consolidated Balance Sheets and in certain accompanying notes to the consolidated financial statements, transaction balances are classified as either being intragovernmental or with the public. Intragovernmental transactions and balances result from exchange transactions made between DOT and other Federal Government entities while those classified as "with the public" result from exchange transactions between DOT and non-Federal entities. For example, if DOT purchases goods or services from the public and sells them to another Federal entity, the costs would be classified as "with the public," but the related revenues would be classified as "intragovernmental." This could occur, for example, when DOT provides goods or services to another Federal Government entity on a reimbursable basis. The purpose of this classification is to enable the Federal Government to prepare consolidated financial statements, and not to match public and intragovernmental revenue with costs that are incurred to produce public and intragovernmental revenue.

DOT accounts for dedicated collections separately from other funds. Funds from dedicated collections are financed by specifically identified revenues, provided to the Government by non-Federal sources, often supplemented by other financing sources which remain available over time. Funds from dedicated collections are required, by statute, to be used for designated activities, benefits or purposes.

C. Budgets and Budgetary Accounting

DOT follows standard Federal budgetary accounting policies and practices in accordance with OMB Circular A-11, *Preparation, Submission, and Execution of the Budget*, dated April 2021. Budgetary accounting facilitates compliance with legal constraints and controls over the use of Federal funds. Each year, the U.S. Congress (Congress) provides budget authority, primarily in the form of appropriations, to the DOT Operating Administrations to incur obligations in support of agency programs. For FY 2021 and FY 2020, the Department was accountable for trust fund appropriations, general fund appropriations, revolving fund activity, borrowing authority, and contract authority. DOT recognizes budgetary resources as assets when cash (funds held by the U.S. Treasury) is made

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

available through warrants and trust fund transfers.

Programs are financed from authorizations enacted in authorizing legislation and codified in Title 23 and 49 of the United States Code (U.S.C.). The DOT receives its budget authority in the form of direct appropriations, borrowing authority, contract authority, and spending authority from offsetting collections. Contract authority permits programs to incur obligations in advance of an appropriation, offsetting collections or receipts. Subsequently, Congress provides an appropriation for the liquidation of the contract authority to allow payments to be made for the obligations incurred. Funds apportioned by statute under Titles 23 and 49 of the U.S.C., Subtitle III by the Secretary of Transportation for activities in advance of the liquidation of appropriations are available for a specific time period.

D. Basis of Accounting

The Department's consolidated financial statements are prepared in accordance with all applicable accounting principles and standards developed and issued by FASAB, which is recognized by the American Institute of Certified Public Accountants (AICPA) as the entity to establish generally accepted accounting principles (GAAP) for the Federal Government. The Federal Financial Management Improvement Act (FFMIA) of 1996 requires the Department to comply substantially with (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Standard General Ledger requirements at the transaction level.

Transactions are recorded on an accrual and a budgetary accounting basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred without regard to receipt or payment of cash. Under the budgetary basis, however, funds availability is recorded based upon legal considerations and constraints.

E. Fund Balance With Treasury

Fund balance with Treasury is an asset of the Department and a liability of the General Fund of the U.S. Government.

Similarly, investments in U.S. Government securities that are held by dedicated collections accounts are assets of the DOT and liabilities of the General Fund of the U.S. Government. In both cases, the amounts represent commitments by the government to provide resources for particular programs, but they do not represent net assets to the government as a whole.

When the DOT seeks to use fund balance with Treasury or investments in U.S. Government securities to liquidate budgetary obligations, Treasury will finance the disbursements in the same way it finances all other disbursements, using some combination of receipts, other inflows, and borrowing from the public (if there is a budget deficit).

DOT does not maintain cash in commercial bank accounts. Cash receipts and disbursements are processed by the U.S. Treasury. The funds with the U.S. Treasury are appropriated, revolving, and trust funds that are available to pay liabilities and finance authorized purchases. Lockboxes have been established with financial institutions to collect certain payments, and these funds are transferred directly to the U.S. Treasury on a daily (business day) basis. DOT does not maintain any balances of foreign currencies.

F. Investments in U.S. Government Securities

Investments, consisting of U.S. Government Securities, are reported at cost, adjusted for amortized cost, net of premiums or discounts, and are held to maturity. Premiums or discounts are amortized into interest income over the term of the investment using the interest method. The Department has the intent and the ability to hold investments to maturity. Investments, redemptions, and reinvestments are controlled and processed by the U.S. Treasury. DOT has nonmarketable par value and market-based Treasury securities. DOT also has marketable securities issued by the Treasury at market price.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**G. Receivables***Accounts Receivable*

Accounts receivable consist of amounts owed to the Department by other Federal agencies and the public. Federal accounts receivable are generally the result of the provision of goods and services to other Federal agencies. Public accounts receivable are generally the result of the provision of goods and services or the levy of fines and penalties from the Department's regulatory activities. Accounts receivable including federal and public are presented net of an allowance for loss on uncollectible amounts, which is based on historical collection experience or an analysis of the individual receivables.

Loans Receivable

Loans are accounted for as receivables after funds have been disbursed. Loans receivable is reduced by an allowance equal to the present value of the subsidy costs (resulting from the interest rate differential between the loans and U.S. Treasury borrowing, the estimated delinquencies and defaults net of recoveries, the offset from fees, and other estimated cash flows) associated with these loans.

H. Inventory and Related Operating Materials and Supplies

Within the FAA's Franchise Fund, inventory is held for sale to the FAA field locations and other domestic entities and foreign governments. Inventory consists of materials and supplies that the FAA uses to support our nation's airspace system and is predominantly located at the FAA Mike Monroney Aeronautical Center in Oklahoma City. Inventory costs include material, labor, and applicable manufacturing overhead.

Inventory held for sale includes both purchased inventory and refurbished inventory. Inventory held for sale is valued using historical cost, applying the moving average cost flow method. The moving average cost flow method is an inventory costing method used in conjunction with a perpetual

inventory system. A weighted average cost per unit is recomputed after every purchase. Goods sold are costed at the most recent moving average cost.

FAA field locations frequently exchange non-operational repairable units with the Franchise Fund. These components are classified as "held for repair" and valued using the direct method.

Inventory may be deemed to be "excess, obsolete, and unserviceable" if, for example, the quantity exceeds projected demand for the foreseeable future or if the item has been technologically surpassed. The "excess, obsolete, and unserviceable" inventory is determined to have no residual net realizable value, therefore, a loss is recognized to write off the inventory in the current period.

Operating materials and supplies primarily consist of unissued supplies that will be consumed in future operations. They are valued based on the latest acquisition cost. Operating materials and supplies are expensed using the consumption method of accounting. Operating materials and supplies may be classified as excess, obsolete, and unserviceable and an allowance is established based on the condition of various asset categories and historical experience with disposing of such assets.

I. Property and Equipment

DOT Operating Administrations have varying methods of determining the value of general purpose property and equipment and how it is depreciated. DOT currently has a capitalization threshold of \$200 thousand for structures and facilities and for internal use software, and \$100 thousand for other property, plant and equipment. Capitalization at lesser amounts is permitted. Construction in progress is valued at direct (actual) costs plus applied overhead and other indirect cost. The straight line method is used to depreciate capitalized assets.

DOT's heritage assets, consisting of Union Station in Washington, D.C., the Nuclear Ship Savannah, and collections of maritime artifacts, are considered priceless and are not

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

capitalized in the Consolidated Balance Sheet (See Note 9).

J. Advances and Prepayments

Payments in advance of the receipt of goods and services are recorded as prepaid charges at the time of prepayment and recognized as expenses or capitalized, as appropriate, when the related goods and services are received. Advances to others and prepayments primarily relates to the FRA advances provided to Amtrak.

K. Liabilities

Liabilities represent amounts expected to be paid as the result of a transaction or event that has already occurred. Liabilities covered by budgetary resources are liabilities, which are covered by available budgetary resources as of the balance sheet date. Available budgetary resources include new budget authority, spending authority from offsetting collections, recoveries of unexpired budget authority through downward adjustments of prior year obligations, unobligated balances of budgetary resources at the beginning of the year or net transfers of prior year balances during the year, and permanent indefinite appropriations or borrowing authority. Unfunded liabilities are not considered to be covered by such budgetary resources. An example of an unfunded liability is actuarial liabilities for future Federal Employees' Compensation Act payments. The Government, acting in its sovereign capacity, can abrogate liabilities arising from transactions other than contracts. Liabilities not requiring budgetary resources are liabilities that have not in the past required and will not in the future require the use of budgetary resources (i.e. custodial collections).

L. Grant Accrual

The Department records an obligation at the time a grant is awarded. As grant recipients conduct eligible activities under the terms of their grant agreement, they request payment by the DOT, typically made via an electronic payment process. Expenses are recorded at the time of payment approval during the year. The DOT also recognizes an accrued liability and expense for estimated eligible grant payments not yet

requested by grant recipients. Grant expenses, including associated administrative costs, are classified on the Consolidated Statements of Net Cost.

M. Contingencies

The criteria for recognizing contingencies for claims are (1) a past event or exchange transaction has occurred as of the date of the statements; (2) a future outflow or other sacrifice of resources is probable; and (3) the future outflow or sacrifice of resources is measurable (reasonably estimable). Contingent liabilities that are considered remote are not disclosed. DOT recognizes material contingent liabilities in the form of claims, legal actions, administrative proceedings and environmental suits that have been brought to the attention of legal counsel, some of which will be paid from the Judgment Fund administered by the U.S. Treasury.

The Department has entered into contractual commitments that require future use of financial resources, specifically for long-term lease obligations. The Department is committed to various leases primarily covering administrative office space, technical facilities and fleet vehicles with GSA and other vendors, when granted the authority. Specifically, FAA and MARAD have general procurement provisions, pursuant to U.S.C. Title 49 Section 40110(c)(1) and Title 46 Section 50303, respectively. Leases may contain escalation clauses tied to changes in inflation, taxes or renewal options. Although most have short termination arrangements, the Department intends to remain in the leases. Depending on terms, the leases are either recorded as capital or operating leases (See Note 15).

N. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued annual leave account is adjusted to reflect the latest pay rates and unused hours of leave. Liabilities associated with other types of vested leave, including compensatory, credit hours, restored leave, and sick leave in certain circumstances, are accrued based on latest pay rates and unused hours of leave. Sick leave is generally nonvested, except for sick leave

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

balances at retirement under the terms of certain union agreements. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned and not taken. Nonvested leave is expensed when used.

O. Retirement Plan

For DOT employees who participate in the Civil Service Retirement System (CSRS), DOT contributes a matching contribution equal to 7 percent of pay. On January 1, 1987, Federal Employee Retirement System (FERS) went into effect pursuant to Public Law (P.L.) 99-335. Most employees hired after December 31, 1983, are automatically covered by FERS and Social Security. Employees hired prior to January 1, 1984, could elect to either join FERS and Social Security or remain in CSRS. A primary feature of FERS is that it offers a savings plan to which DOT automatically contributes 1 percent of pay and matches any employee contribution up to an additional 4 percent of pay. For most employees hired after December 31, 1983, DOT also contributes the employer's matching share for Social Security.

Employing agencies are required to recognize pensions and other postretirement benefits during the employees' active years of service. Reporting the assets and liabilities associated with such benefit plans is the responsibility of the administering agency, the U.S. Office of Personnel Management (OPM). Therefore, DOT does not report CSRS or FERS assets, accumulated plan benefits, or unfunded liabilities, if any, applicable to employees.

P. Federal Employees Health Benefit (FEHB) Program

Most Department employees are enrolled in the FEHB Program, which provides current and postretirement health benefits. OPM administers these programs and is responsible for reporting the related liabilities. OPM contributes the 'employer' share for retirees via an appropriation and the retirees contribute their portion of the benefit directly to OPM. OPM calculates the U.S. Government's service cost for covered employees each fiscal year. The Department has recognized

the employer cost of these postretirement benefits for covered employees as an imputed cost.

Q. Federal Employees Group Life Insurance (FEGLI) Program

Most Department employees are entitled to participate in the FEGLI Program. Participating employees can obtain basic term life insurance where the employee pays two-thirds of the cost and the Department pays one-third of the cost. OPM administers this program and is responsible for reporting the related liabilities. OPM calculates the U.S. Government's service cost for the postretirement portion of the basic life coverage each fiscal year. Because OPM fully allocates the Department's contributions for basic life coverage to the preretirement portion of coverage, the Department has recognized the entire service cost of the postretirement portion of basic life coverage as an imputed cost.

R. Federal Employees Compensation Act (FECA) Benefits

The Federal Employees Compensation Act (FECA) (Public Law 103-3) provides income and medical cost protection to covered federal civilian employees injured on the job, to employees who have incurred work-related occupational diseases, and to beneficiaries of employees whose deaths are attributable to job-related injuries or occupational diseases. The FECA program is administered by the Department of Labor (DOL), which pays valid claims and subsequently seeks reimbursement from the DOT for these paid claims.

A liability is recorded for actual and estimated future payments to be made for workers' compensation pursuant to the FECA. The actual costs incurred are reflected as a liability because DOT will reimburse DOL 2 years after the actual payment of expenses. Future revenues will be used to reimburse DOL. The liability consists of (1) the net present value of estimated future payments calculated by the DOL, and (2) the unreimbursed cost paid by DOL for compensation to recipients under FECA.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**S. Environmental and Disposal Liabilities**

DOT recognizes two types of environmental liabilities: unfunded environmental remediation liability and unfunded asset disposal liability. The liability for environmental remediation is an estimate of costs necessary to bring known contaminated sites into compliance with applicable environmental standards. The increase or decrease in the annual liability is charged to current year expense.

The asset disposal liability is the estimated cost that will be incurred to remove, contain, and/or dispose of hazardous material when an asset presently in service is shut down. DOT estimates the asset disposal liability at the time that an asset is placed in service. For assets placed in service through FY 1998, the increase or decrease in the estimated environmental cleanup liability is charged to expense. Assets placed in service in FY 1999 and after do not contain any known hazardous materials, and therefore do not have associated environmental liabilities.

There are no known possible changes to these estimates based on inflation, deflation, technology, or applicable laws and regulations.

T. Inter-Entity Costs

Goods and services are received from other federal entities at no cost or at a cost less than the full cost to the providing federal entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed by the DOT are recognized as imputed cost in the Statement of Net Cost, and are offset by imputed financing sources in the Statement of Changes in Net Position. Such imputed costs and revenues relate to business-type activities, employee benefits, and claims to be settled by the Treasury Judgment Fund. However, unreimbursed costs of goods and services other than those identified above are not included in our financial statements.

U. Use of Estimates

The preparation of the consolidated financial statements in

conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amount of assets, liabilities and contingent liability disclosures as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

Significant estimates underlying the accompanying financial statements include the accruals of accounts and grants payable, and accrued legal, contingent, environmental, and disposal liabilities. Additionally, the Federal Credit Reform Act of 1990 (FCRA) requires the Department to use estimates in determining the reported amount of direct loan and loan guarantees, the loan guarantee liability and the loan subsidy costs associated with future loan performance.

V. Allocation Transfers

DOT is a party to allocation transfers with other Federal agencies as both a transferring (parent) entity and a recipient (child) entity. Allocation transfers are legal delegations by one Federal agency of its authority to obligate budget authority and outlay funds to another Federal agency. A separate fund account (allocation account) is created in the U.S. Treasury as a subset of the parent fund account for tracking and reporting purposes. All allocation transfers of balances are credited to this account and subsequent obligations and outlays incurred by the receiving entity (child) are charged to this allocation account as the delegated activity is executed on the parent entity's behalf. All financial activity related to these allocation transfers (e.g. budget authority, obligations, outlays) is reported in the financial statements of the parent entity, from which the underlying legislative authority, appropriations and budget apportionments are derived.

DOT allocates funds, as the parent agency, to the following non-DOT Federal agencies in accordance with applicable public laws and statutes: U.S. Bureau of Indian Affairs, U.S. Bureau of Reclamation, U.S. Forest Service, U.S. National Park Service, U.S. Bureau of Land Management, U.S. Fish and Wildlife Service, U.S. Department of the Army, U.S. Army Corps of Engineers, Internal Revenue Service (IRS), U.S.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Department of Housing and Urban Development, Denali Commission, U.S. Department of Navy, U.S. Department of the Air Force, U.S. Department of Agriculture, U.S. Department of Treasury, and the Appalachian Regional Commission.

DOT receives allocations of funds, as the child agency, from the following non-DOT Federal agencies in accordance with applicable laws and statutes: U.S. Department of the Interior, U.S. Department of the Navy, U.S. Department of the Army, U.S. Department of the Air Force, U.S. Department of Defense (DoD), and the Appalachian Regional Commission. This activity is included in the financial statements of the parent agency and is not included in the DOT financial statements.

W. Revenues and Other Financing Sources***Funds from Dedicated Collections Excise Tax Revenues (Nonexchange)***

Two significant DOT programs, the Highway Trust Fund (HTF) and the Airport and Airway Trust Fund (AATF), receive nonexchange funding support from the dedicated collection of excise taxes.

The DOT September 30, 2021 financial statements reflect excise taxes certified by the IRS through June 30, 2021 and excise taxes distributed by the U.S. Treasury, Office of Tax Analysis (OTA) for the period July 1, 2021 to September 30, 2021, as specified by FASAB Statement of Federal Financial Accounting Standard (SFFAS) Number 7, Accounting for Revenue and Other Financing Sources. The HTF and AATF receive their budget authority in the form of contract authority and direct appropriations. Contract authority permits programs to incur obligations in advance of an appropriation, offsetting collections, or receipts and authorizes the collections and deposits of excise taxes into and making expenditures from the HTF and AATF. Subsequently, Congress authorizes DOT to liquidate the contract authority only as appropriated. The excise tax revenue received in the HTF and AATF accounts remain invested until needed and is thereby liquidated and withdrawn from the investments.

Appropriations (Financing Source)

As a component of the U.S. Government-wide reporting entity, the DOT is subject to the federal budget process, which involves appropriations that are provided annually and appropriations that are provided on a permanent basis. The financial transactions that are supported by budgetary resources, which include appropriations, are generally the same transactions reflected in agency and the U.S. Government-wide financial reports.

The DOT's budgetary resources reflect past congressional action and enable the entity to incur budgetary obligations, but they do not reflect assets to the U.S. Government as a whole. Budgetary obligations are legal obligations for goods, services, or amounts to be paid based on statutory provisions. After budgetary obligations are incurred, Treasury will make disbursements to liquidate the budgetary obligations and finance those disbursements in the same way it finances all disbursements, using some combination of receipts, other inflows, and borrowing from the public (if there is a budget deficit).

DOT receives annual, multiyear and no-year appropriations. Appropriations are recognized as financing sources when related program and administrative expenses are incurred. Additional amounts are obtained from offsetting collections and user fees (e.g., overflight fees and registry certification fees) and through reimbursable agreements for services performed for domestic and foreign governmental entities. Additional revenue is received from gifts of donors, sales of goods and services to other agencies and the public, the collection of fees and fines, interest/dividends on invested funds, loans and cash disbursements to banks. Interest income is recognized as revenue on the accrual basis rather than when received.

On October 5, 2018, former President Trump signed the FAA Reauthorization Act of 2018 (P.L. 115-254) which extended the AATF authorizations and related revenue authorities to September 30, 2023.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

On December 4, 2015, former President Obama signed, into law, the Fixing America's Surface Transportation Act, or "FAST Act", (P.L. 114-94) providing funding for surface transportation through September 30, 2020. On October 1, 2020, former President Trump signed the Continuing Appropriations Act, 2021 and Other Extensions Act, P.L. 116-159, which extended the HTF authorizations to September 30, 2021. P.L. 116-159 also appropriated \$13.6 billion and \$14 billion in cash transfers from the General Fund of the U.S. Government to the HTF and AATF, respectively. On October 2, 2021, President Biden signed the Surface Transportation Extension Act of 2021, extending the HTF authorization through October 31, 2021. On October 31, 2021, President Biden also signed the Surface Transportation Extension Act of 2021, further extending the HTF authorization through December 3, 2021.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) was signed into law by former President Trump on March 27, 2020. DOT received \$36 billion of FY 2020 of supplemental appropriations to prevent, prepare for, or respond to COVID-19.

Additionally, the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA), P.L. 116-260, was signed into law on December 27, 2020 providing \$27 billion in supplemental general fund appropriations to further the COVID-19 relief efforts. In addition, on March 11, 2021, the American Rescue Plan Act of 2021 (ARPA), P.L. 117-02, was signed into law providing \$43 billion in supplemental appropriations also in response to COVID-19.

X. Fiduciary Activities

Fiduciary assets and liabilities are not assets and liabilities of the Department and, as such, are not recognized on the Balance Sheet. The MARAD Title XI Escrow Fund contains fiduciary activity as detailed in Note 22.

Y. Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation. Specifically, due to revisions in OMB Circular A-136 Financial Reporting

Requirements in FY 2021, certain financial statements and notes have been reclassified to conform to changes in reporting requirements. In addition, the format of the Balance Sheet has changed to reflect more detail for certain line items, as required for all significant reporting entities by OMB Circular A-136. The presentation of the fiscal year 2020 Balance Sheet was modified to be consistent with the fiscal year 2021 presentation.

Z. Taxes

DOT, as a Federal entity is not subject to Federal, State, or local income taxes and, accordingly, does not record a provisions for income taxes in the accompanying financial statements.

AA. Classified Activities

SFFAS 56 requires all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

AB. Subsequent Events

Effective October 1, 2021, the Department is operating under a continuing resolution (CR), Public Law 117-43, to continue Government operations. The CR will be in effect through December 3, 2021, unless superseded by enactment of specified appropriations legislation and includes a provision that allows the DOT to continue spending at FY 2021 rates.

On October 14, 2021, the Riverside County Transportation Commission prepaid its Transportation Infrastructure Finance and Innovation Act (TIFIA) loan in full, with accrued interest, for the SR-91 Corridor Improvement Project ("SR-91") in the total amount of \$509.8 million.

NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury as of September 30, 2021 and 2020 consists of the following:

DOLLARS IN THOUSANDS	2021	2020
STATUS OF FUND BALANCE WITH TREASURY		
Unobligated Balance		
Available	\$ 72,084,789	\$ 34,712,377
Unavailable	3,426,866	2,742,428
Obligated Balance Not Yet Disbursed	37,793,860	27,494,994
Non-Budgetary Fund Balance with Treasury	1,057,584	340,749
Total	<u>\$ 114,363,099</u>	<u>\$ 65,290,548</u>

Fund Balances with Treasury are the aggregate amounts of the Department's accounts with Treasury for which the Department is authorized to make expenditures and pay liabilities. Fund Balance with Treasury is an asset to the DOT, but not to the Government as a whole because it is a liability of the Treasury General Fund.

Unobligated fund balances are reported as not available when the balance is not legally available for obligation. However, balances that are not available can be used for upward adjustments of obligations that were incurred during the period of availability or for paying claims attributable to that time period. Obligated Balance not yet Disbursed includes unpaid obligations offset by investments, contract authority, and uncollected customer payments from other federal government accounts. Therefore, the unobligated and obligated balances presented will not agree to related amounts reported on the Combined Statements of Budgetary Resources.

The DOT is funded with appropriations from trust funds and the General Fund of the Treasury. While amounts appropriated from the General Fund of the Treasury are included in Fund Balance with Treasury, trust fund investments are not. Trust fund investments are redeemed, as needed, to meet DOT's cash disbursement needs, at which time the funds are transferred into Fund Balance with Treasury. The DOT also receives contract authority which allows obligations to be incurred in advance of an appropriation. The contract authority is subsequently funded, as authorized, from the trust fund allowing for the liquidation of the related obligations. Thus, investments and contract authority are not part of Fund Balance with Treasury; however, their balances will be transferred from the trust fund to Fund Balance with Treasury over time to liquidate obligated balances and unobligated balances as they become obligated, and thus are necessarily included in the Status of Fund Balance with Treasury.

Due to the additional appropriations received in FY2021 from the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 and the American Rescue Plan Act of 2021 to continue the COVID-19 relief efforts, DOT reports significantly more Fund Balances with Treasury than the prior year. (See Note 24)

NOTE 3. INVESTMENTS

Investments as of September 30, 2021 consist of the following:

DOLLARS IN THOUSANDS	Cost/ Acquisition Value	Amortized Discount	Investments (Net)	Market Value
INTRAGOVERNMENTAL SECURITIES AND INVESTMENTS				
Marketable	\$ 32,009	\$ (201)	\$ 31,808	\$ 32,269
Non-Marketable Par Value	27,945,251	-	27,945,251	27,945,251
Non-Marketable Market-Based	2,217,198	13,213	2,230,411	2,240,042
Subtotal	30,194,458	13,012	30,207,470	30,217,562
Accrued Interest Receivable	57,447	-	57,447	
Total Intragovernmental Securities and Investments	<u>\$ 30,251,905</u>	<u>\$ 13,012</u>	<u>\$ 30,264,917</u>	<u>\$ 30,217,562</u>

Investments as of September 30, 2020 consist of the following:

DOLLARS IN THOUSANDS	Cost/ Acquisition Value	Amortized Discount	Investments (Net)	Market Value
INTRAGOVERNMENTAL SECURITIES AND INVESTMENTS				
Marketable	\$ 50,316	\$ (384)	\$ 49,932	\$ 51,005
Non-Marketable Par Value	19,981,103	-	19,981,103	19,981,103
Non-Marketable Market-Based	2,302,424	12,082	2,314,506	2,335,706
Subtotal	22,333,843	11,698	22,345,541	22,367,814
Accrued Interest Receivable	45,328	-	45,328	-
Total Intragovernmental Securities and Investments	<u>\$ 22,379,171</u>	<u>\$ 11,698</u>	<u>\$ 22,390,869</u>	<u>\$ 22,367,814</u>

Investments include nonmarketable par value and market-based Treasury securities and marketable securities issued by the Treasury. Nonmarketable par value Treasury securities are issued by the Bureau of Fiscal Service to Federal accounts and are purchased and redeemed at par exclusively through Treasury's Federal Investment Branch. Nonmarketable market-based Treasury securities are also issued by the Bureau of Fiscal Service to Federal accounts. They are not traded on any securities exchange but mirror the prices of particular Treasury securities trading in the Government securities market. Marketable Federal securities can be bought and sold on the open market. The premiums and discounts are amortized over the life of the nonmarketable market-based and marketable securities using the interest method.

The Federal Government does not set aside assets to pay future benefits or other expenditures associated with dedicated collections. The cash receipts collected from the public that meet the definition of dedicated collections are deposited in the U.S. Treasury, which uses the cash for Government purposes. Treasury securities held by a fund from dedicated collections are an asset of the fund and a liability of the U.S. Treasury, so they are eliminated in consolidation for the U.S. Government-wide financial statements. Nonmarketable par value Treasury securities are issued to DOT as evidence of these receipts. These securities provide DOT with authority to draw upon the U.S. Treasury to make future expenditures. When DOT requires redemption of these securities to make expenditures, the Government finances those expenditures out of accumulated cash balances by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures, in the same way that the Government finances all other expenditures.

NOTE 4. ACCOUNTS RECEIVABLE

Accounts Receivable as of September 30, 2021 consist of the following:

DOLLARS IN THOUSANDS	Gross Amount Due	Allowance For Uncollectible Amounts	Net Amount Due
INTRAGOVERNMENTAL			
Accounts Receivable	\$ 79,984	\$ (4,058)	\$ 75,926
Transfers Receivable	13,000	-	13,000
Total Intragovernmental	92,984	(4,058)	88,926
WITH THE PUBLIC			
Accounts Receivable	275,895	(172,682)	103,213
Accrued Interest	5,509	(3,984)	1,525
Total with the Public	281,404	(176,666)	104,738
Total Accounts Receivable	<u>\$ 374,388</u>	<u>\$ (180,724)</u>	<u>\$ 193,664</u>

Accounts Receivable as of September 30, 2020 consist of the following:

DOLLARS IN THOUSANDS	Gross Amount Due	Allowance For Uncollectible Amounts	Net Amount Due
INTRAGOVERNMENTAL			
Accounts Receivable	\$ 72,702	\$ (5,534)	\$ 67,168
Transfers Receivable	13,453	-	13,453
Total Intragovernmental	86,155	(5,534)	80,621
WITH THE PUBLIC			
Accounts Receivable	268,953	(171,342)	97,611
Accrued Interest	4,634	(3,358)	1,276
Total with the Public	273,587	(174,700)	98,887
Total Accounts Receivable	<u>\$ 359,742</u>	<u>\$ (180,234)</u>	<u>\$ 179,508</u>

The intragovernmental transfer receivable amount of \$13 million and \$13.5 million, respectively, represents transfers receivable from balances that are currently invested by other federal entities. The funds will remain invested until needed for disbursement. At such time, DOT will request a transfer of funds.

NOTE 5. ADVANCES AND PREPAYMENTS

Advances and Prepayments consist of the following as of September 30, 2021 and 2020

DOLLARS IN THOUSANDS	2021	2020
INTRAGOVERNMENTAL		
Advances to Others and Prepayments	\$ 18,929	\$ 23,431
Total Intragovernmental	<u>\$ 18,929</u>	<u>\$ 23,431</u>
WITH THE PUBLIC		
Advances to States for Right of Way	\$ 252	\$ 252
Advances to Others and Prepayments	2,981,562	1,354,436
Total with the Public	<u>\$ 2,981,814</u>	<u>\$ 1,354,688</u>

Intragovernmental Advances to Others and Prepayments are comprised of advance payments to other Federal Government entities for agency expenses not yet incurred and for goods and services not yet received. Public Advances to Others and Prepayments are comprised of advances to States, employees, grantees, and contractors, for expenses not yet incurred and services not yet received. The \$2.98 billion and \$1.35 billion of public advances to others and prepayments is primarily related to the advances provided to Amtrak for expenses not yet incurred and services not yet received. Due to the additional funding for Amtrak in the CRRSAA and ARPA appropriations during FY2021, Amtrak received significantly more advances than the prior year. (See Note 24)

NOTE 6. LOAN RECEIVABLE, NET AND LOAN GUARANTEE LIABILITIES

The Federal Credit Reform Act of 1990 divides direct loans and loan guarantees into two groups:

1. **Pre-1992** - Direct loan obligations or loan guarantee commitments made prior to FY 1992 and the resulting direct loans or loan guarantees; and
2. **Post-1991** - Direct loan obligations or loan guarantee commitments made after FY 1991 and the resulting direct loans or loan guarantees.

The Act, as amended, governs direct loan obligations and loan guarantee commitments made after FY 1991, and the resulting direct loans and loan guarantees. Consistent with the Act, SFFAS number 2, Accounting for Direct Loans and Loan Guarantees, requires Federal agencies to recognize the present value of the subsidy costs (which arises from interest rate differentials, interest supplements, defaults [net of recoveries], fee offsets, and other cash flows) as a cost in the year the direct or guaranteed loan is disbursed. Direct loans are reported net of an allowance for subsidy at present value, and loan guarantee liabilities are reported at present value. Foreclosed property is valued at the net realizable value. The value of assets for direct loans and defaulted guaranteed loans is not the same as the proceeds that would be expected from the sale of the loans. DOT does not have any loans obligated prior to FY 1992.

Interest on the loans is accrued based on the terms of the loan agreement. DOT does not accrue interest on nonperforming loans that have filed for bankruptcy protection. DOT management considers administrative costs to be insignificant.

DOT administers the following direct loan and/or loan guarantee programs:

1. The Railroad Rehabilitation Improvement Program is used to acquire, improve, or rehabilitate intermodal or rail equipment or facilities, including track, components of tract, bridges, yards, buildings, and shops; refinance outstanding debt incurred; and develop or establish new intermodal or railroad facilities.

NOTE 6. LOAN RECEIVABLE, NET AND LOAN GUARANTEE LIABILITIES (CONT.)

2. The Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan Program provides Federal credit assistance for major transportation investments of critical national importance such as highway, transit, passenger rail, certain freight facilities, and certain port projects with regional and national benefits. The TIFIA credit program is designed to fill market gaps and leverage substantial private coinvestment by providing supplemental and subordinate capital.
3. The Federal Ship Financing Fund (Title XI) offers loan guarantees to qualified ship owners and shipyards. Approved applicants are provided the benefit of long-term financing at stable interest rates. In FY2019, Title XI ceased guarantees of new loans financed by the private sector. During FY 2020, the Department began disbursing loans financed by the Federal Financing Bank (FFB). Although, by statute, Title XI is a guaranteed loan program, under Office of Management and Budget (OMB) reporting instructions, guarantees of FFB financed loans are accounted for as direct loans. Accordingly, MARAD has established a receivable for these loans on its books of record and services the debt by collecting and transferring payments to the FFB.
4. The OST Minority Business Resource Center (MBRC) Guaranteed Loan Program was created to help small businesses gain access to the financing needed to participate in transportation-related contracts. In FY 2018, MBRC ceased disbursement of new loans as new budget authority is no longer provided. As of the end of FY 2021, the loan guarantee terms expired on the remaining program loans.

An analysis of loans receivable, allowance for subsidy costs, liability for loan guarantees, foreclosed property, modifications, and reestimates associated with direct loans and loan guarantees is provided in the following sections:

Direct Loans*Obligated After FY 1991*

	2021 Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance For Subsidy Cost (Present Value)	Value Of Assets Related To Direct Loans, Net
DIRECT LOAN PROGRAMS					
(1) Railroad Rehabilitation Improvement Program	\$ 759,953	\$ 128	\$ -	\$ (109,555)	\$ 650,526
(2) TIFIA Loans	13,590,873	-	166,635	338,728	14,096,236
(3) Federal Ship Financing Fund (Title XI)	311,675	-	-	(16,347)	295,328
Total	<u>\$ 14,662,501</u>	<u>\$ 128</u>	<u>\$ 166,635</u>	<u>\$ 212,826</u>	<u>\$ 15,042,090</u>

	2020 Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance For Subsidy Cost (Present Value)	Value Of Assets Related To Direct Loans, Net
DIRECT LOAN PROGRAMS					
(1) Railroad Rehabilitation Improvement Program	\$ 1,443,510	\$ 86	\$ -	\$ (171,886)	\$ 1,271,710
(2) TIFIA Loans	14,737,748	-	166,635	183,870	15,088,253
(3) Federal Ship Financing Fund (Title XI)	325,527	-	-	(16,160)	309,367
Total	<u>\$ 16,506,785</u>	<u>\$ 86</u>	<u>\$ 166,635</u>	<u>\$ (4,176)</u>	<u>\$ 16,669,330</u>

NOTE 6. LOAN RECEIVABLE, NET AND LOAN GUARANTEE LIABILITIES (CONT.)

Total Amount Of Direct Loans Disbursed (Post-1991)

Dollars in Thousands

	2021	2020
DIRECT LOAN PROGRAMS		
(1) Railroad Rehabilitation Improvement Program	\$ 50	\$ 244,584
(2) TIFIA Loans	1,354,393	1,665,525
(3) Federal Ship Financing Fund (Title XI)	-	325,527
Total	<u>\$ 1,354,443</u>	<u>\$ 2,235,636</u>

Subsidy Expense For Direct Loans By Program And Component

Subsidy Expense for New Direct Loans Disbursed

	2021 Interest Differential	Defaults	Fees And Other Collections	Other Subsidy Costs	Total
DIRECT LOAN PROGRAMS					
(1) Railroad Rehabilitation Improvement Program	\$ -	\$ 1	\$ (1)	\$ -	\$ -
(2) TIFIA Loans	-	47,727	-	(3,000)	44,727
Total	<u>\$ -</u>	<u>\$ 47,728</u>	<u>\$ (1)</u>	<u>\$ (3,000)</u>	<u>\$ 44,727</u>

	2020 Interest Differential	Defaults	Fees And Other Collections	Other Subsidy Costs	Total
DIRECT LOAN PROGRAMS					
(1) Railroad Rehabilitation Improvement Program	\$ -	\$ -	\$ -	\$ (5,121)	\$ (5,121)
(2) TIFIA Loans	-	110,581	-	-	110,581
(3) Federal Ship Financing Fund (Title XI)	-	14,142	(16,074)	-	(1,932)
Total	<u>\$ -</u>	<u>\$ 124,723</u>	<u>\$ (16,074)</u>	<u>\$ (5,121)</u>	<u>\$ 103,528</u>

Modifications and Reestimates

	2021 Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
DIRECT LOAN PROGRAMS				
(1) Railroad Rehabilitation Improvement Program	\$ -	\$ -	\$ (79,683)	\$ (79,683)
(2) TIFIA Loans	592,776	(691,248)	(165,319)	(856,567)
(3) Federal Ship Financing Fund (Title XI)	-	5	171	176
Total	<u>\$ 592,776</u>	<u>\$ (691,243)</u>	<u>\$ (244,831)</u>	<u>\$ (936,074)</u>

NOTE 6. LOAN RECEIVABLE, NET AND LOAN GUARANTEE LIABILITIES (CONT.)

	2020 Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
DIRECT LOAN PROGRAMS				
(1) Railroad Rehabilitation Improvement Program	\$ -	\$ -	\$ (32,346)	\$ (32,346)
(2) TIFIA Loans		(369,699)	566,291	196,592
(3) Federal Ship Financing Fund (Title XI)	-	(43)	2,436	2,393
Total	<u>\$ -</u>	<u>\$ (369,742)</u>	<u>\$ 536,381</u>	<u>\$ 166,639</u>

Total Direct Loan Subsidy Expense

	2021	2020
DIRECT LOAN PROGRAMS		
(1) Railroad Rehabilitation Improvement Program	\$ (79,683)	\$ (37,467)
(2) TIFIA Loans	(219,064)	307,173
(3) Federal Ship Financing Fund (Title XI)	176	461
Total	<u>\$ (298,571)</u>	<u>\$ 270,167</u>

Budget Subsidy Rates For Direct Loans For The Current Year Cohort

	2021 Interest Differential	Defaults	Fees And Other Collections	Other	Total
DIRECT LOAN PROGRAMS					
(1) Railroad Rehabilitation Improvement Program	-1.96%	1.86%	0.00%	0.10%	0.00%
(2) TIFIA Loans Risk Category 1	-0.84%	1.81%	0.00%	0.00%	0.97%
(3) Federal Ship Financing Fund (Title XI)	0.00%	0.00%	0.00%	0.00%	0.00%

The subsidy rates disclosed pertain only to the current year's cohorts. These rates cannot be applied to the direct loans disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loans reported in the current year could result from disbursements of loans from both current year cohorts and prior year(s) cohorts. The subsidy expense reported in the current year also includes modifications and reestimates.

NOTE 6. LOAN RECEIVABLE, NET AND LOAN GUARANTEE LIABILITIES (CONT.)

Schedule For Reconciling Subsidy Cost Allowance Balances (Post-1991 Direct Loans)

DOLLARS IN THOUSANDS	2021	2020
BEGINNING BALANCE, CHANGES, AND ENDING BALANCE		
Beginning Balance of the Subsidy Cost Allowance	\$ 4,176	\$ (377,823)
Add: Subsidy Expense for Direct Loans Disbursed During the Reporting Years by Component		
Default Costs (Net of Recoveries)	47,728	124,723
Fees and Other Collections	(1)	(16,074)
Other Subsidy Costs	(3,000)	(5,121)
Total of the Above Subsidy Expense Components	44,727	103,528
Adjustments		
Loan modifications	592,776	-
Fees received	10	15,699
Subsidy Allowance Amortization	81,558	96,133
Other	1	-
Ending Balance of the Subsidy Cost Allowance Before Reestimates	723,248	(162,463)
Add or Subtract Subsidy Reestimates by Component		
Interest Rate Reestimate	(691,243)	(369,742)
Technical/Default Reestimate	(244,831)	536,381
Total of the Above Reestimate Components	(936,074)	166,639
Ending Balance of the Subsidy Cost Allowance	<u>\$ (212,826)</u>	<u>\$ 4,176</u>

NOTE 6. LOAN RECEIVABLE, NET AND LOAN GUARANTEE LIABILITIES (CONT.)***Direct Loans Receivable***

	2021
Direct Loans receivable, net - beginning of the year	\$ 16,669,330
Add: Direct Loans Disbursed Payments	1,354,443
Add: Capitalized Interest	248,971
Less: Principal and Interest Payments Received	(3,447,657)
Less: Fees Received	(10)
Less: Subsidy Expense	(47,728)
Add: Negative Subsidy Payments	3,001
Less: Upward Reestimates	(223,029)
Add: Downward Reestimates	1,159,103
Less: Subsidy Allowance Amortization	(81,558)
Less: Loan Modifications	(592,776)
Direct Loans receivable, Net - end of year	<u>\$ 15,042,090</u>

During FY 2021, the Department incurred loan modification costs related to the refinancing of five TIFIA loans to borrowers with new loans at lower interest rates. The economic assumptions of the TIFIA upward and downward reestimates were the result of a reassessment of risk levels as well as estimated changes in future cash flows on loans. Actual interest rates used for FY 2021 loan disbursements were lower than the interest rate assumptions used during the budget formulation process at loan origination. The significant downward interest rate reestimate resulted from a combination of the lower actual interest rates used and the large loan disbursement amounts made over this time period.

The Railroad Rehabilitation Improvement Program's upward and downward reestimates were the result of an update for actual cash flows and changes in technical assumptions.

The Federal Ship Financing Fund (Title XI) FFB loan upward technical reestimate was the result of a reassessment of risk levels on the loan portfolio.

NOTE 6. LOAN RECEIVABLE, NET AND LOAN GUARANTEE LIABILITIES (CONT.)

Guaranteed Loans

Defaulted Guaranteed Loans From Post-1991 Guarantees

	2021 Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance For Subsidy	Assets Related To Default Guaranteed Loans Receivable, Net
LOAN GUARANTEE PROGRAMS					
(3) Federal Ship Financing Fund (Title XI)	\$ 202,392	\$ -	\$ 1,009	\$ -	\$ 203,401
(4) OST Minority Business Resource Center	724	72	-	(796)	-
Total	<u>\$ 203,116</u>	<u>\$ 72</u>	<u>\$ 1,009</u>	<u>\$ (796)</u>	<u>\$ 203,401</u>
	2020 Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance For Subsidy	Assets Related To Default Guaranteed Loans Receivable, Net
LOAN GUARANTEE PROGRAMS					
(3) Federal Ship Financing Fund (Title XI)	\$ 203,685	\$ -	\$ 1,029	\$ -	\$ 204,714
(4) OST Minority Business Resource Center	724	72	-	(796)	-
Total	<u>\$ 204,409</u>	<u>\$ 72</u>	<u>\$ 1,029</u>	<u>\$ (796)</u>	<u>\$ 204,714</u>

Guaranteed Loans Outstanding

	2021 Outstanding Principal Of Guaranteed Loans, Face Value	Amount Of Outstanding Principal Guaranteed
LOAN GUARANTEE PROGRAMS		
(3) Federal Ship Financing Fund (Title XI)	\$ 1,223,674	\$ 1,223,674
Total	<u>\$ 1,223,674</u>	<u>\$ 1,223,674</u>

Liability For Loan Guarantee (Present Value Method)

	2021 Liabilities for Post-1991 Guarantees, Present Value
LOAN GUARANTEE PROGRAMS	
(3) Federal Ship Financing Fund (Title XI)	\$ 145,734
(4) OST Minority Business Resource Center	(90)
Total	<u>\$ 145,644</u>

NOTE 6. LOAN RECEIVABLE, NET AND LOAN GUARANTEE LIABILITIES (CONT.)***Subsidy Expense For Loan Guarantees By Program And Component******Modifications and Reestimates***

	2021 Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
LOAN GUARANTEE PROGRAMS				
(3) Federal Ship Financing Fund (Title XI)	\$ -	\$ (15,360)	\$ (31,025)	\$ (46,385)
(4) OST Minority Business Resource Center	-	-	(196)	(196)
Total	<u><u>\$ -</u></u>	<u><u>\$ (15,360)</u></u>	<u><u>\$ (31,221)</u></u>	<u><u>\$ (46,581)</u></u>
	2020 Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
LOAN GUARANTEE PROGRAMS				
(3) Federal Ship Financing Fund (Title XI)	\$ -	\$ -	\$ 38,270	\$ 38,270
(4) OST Minority Business Resource Center	-	-	181	181
Total	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 38,451</u></u>	<u><u>\$ 38,451</u></u>

Total Loan Guarantee Subsidy Expense

	2021	2020
LOAN GUARANTEE PROGRAMS		
(3) Federal Ship Financing Fund (Title XI)	\$ (46,385)	\$ 38,270
(4) OST Minority Business Resource Center	(196)	181
Total	<u><u>\$ (46,581)</u></u>	<u><u>\$ 38,451</u></u>

Budget Subsidy Rates For Loan Guarantees For The Current Year Cohort

	2021 Interest Supplements	Defaults	Fees And Other Collections	Other	Total
LOAN GUARANTEE PROGRAMS					
(3) Federal Ship Financing Fund (Title XI) Risk Category 4	0.00%	0.00%	0.00%	0.00%	0.00%
(4) OST Minority Business Resource Center	0.00%	0.00%	0.00%	0.00%	0.00%

The subsidy rates disclosed pertain only to the current year's cohorts. These rates cannot be applied to the guarantees of loans disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loan guarantees reported in the current year could result from disbursements of loans from both current year cohorts and prior year(s) cohorts. The subsidy expense reported in the current year also includes modifications and reestimates.

NOTE 6. LOAN RECEIVABLE, NET AND LOAN GUARANTEE LIABILITIES (CONT.)

Schedule For Reconciling Loan Guarantee Liability Balances (Post-1991 Loan Guarantees)

DOLLARS IN THOUSANDS	2021	2020
BEGINNING BALANCE, CHANGES, AND ENDING BALANCE		
Beginning Balance of the Loan Guarantee Liability	\$ 192,993	\$ 156,859
Less: Claim Payments To Lenders	-	(301)
Less: Interest Revenue on Uninvested Funds	(1)	-
Add: Interest Expense on Entity Borrowings	2	-
Add: Upward Reestimates	720	38,451
Less: Downward Reestimates	(47,301)	-
Other	(769)	(2,016)
Ending Balance of the Loan Guarantee Liability	<u>\$ 145,644</u>	<u>\$ 192,993</u>

Defaulted Guarantee Loan Receivable

	2021
Guaranteed Loans receivable, net - beginning of the year	\$ 204,714
Less: Principal and Interest Payments Received	(1,293)
Less: Sale of Foreclosed Property	(20)
Defaulted Guaranteed Loans receivable, Gross - end of year	<u>\$ 203,401</u>

The Federal Ship Financing Fund (Title XI) guaranteed loan upward technical reestimate was primarily the result of a reassessment of risk levels on high-risk loans.

The OST Minority Business Resource Center program will report closing upward and downward re-estimates once the remaining cohort of borrowers complete the final collection process with Treasury.

The sufficiency of DOT's loan and loan guarantee portfolio reserves at September 30, 2021 is subject to future market and economic conditions. DOT continues to evaluate market risks in light of evolving economic conditions. The impact of such risks on DOT's portfolio reserves, if any, cannot be fully known at this time and could cause results to differ from estimates. Under the Federal Credit Reform Act, reserve reestimates are automatically covered by permanent indefinite budget authority, thereby providing DOT with sufficient resources to cover losses incurred without further Congressional action.

NOTE 7. INVENTORY & RELATED PROPERTY

Inventory and Related Property as of September 30, 2021 consists of the following:

DOLLARS IN THOUSANDS	Cost	Allowance For Loss	Net
INVENTORY			
Inventory Held for Current Sale	\$ 263,288	\$ -	\$ 263,288
Inventory Held for Repair	433,515	-	433,515
Other	38,539	-	38,539
Total Inventory	735,342	-	735,342
OPERATING MATERIALS AND SUPPLIES			
Items Held for Use	237,737	(1,985)	235,752
Items Held in Reserve for Future Use	38,901	-	38,901
Excess, Obsolete and Unserviceable Items	2,849	(1,635)	1,214
Items Held for Repair	51,080	(24,299)	26,781
Total Operating Materials & Supplies	330,567	(27,919)	302,648
Total Inventory and Related Property			<u>\$ 1,037,990</u>

Inventory and Related Property as of September 30, 2020 consists of the following:

DOLLARS IN THOUSANDS	Cost	Allowance For Loss	Net
INVENTORY			
Inventory Held for Current Sale	\$ 264,586	\$ -	\$ 264,586
Inventory Held for Repair	431,067	-	431,067
Other	39,833	-	39,833
Total Inventory	735,486	-	735,486
OPERATING MATERIALS AND SUPPLIES			
Items Held for Use	259,628	(2,201)	257,427
Items Held in Reserve for Future Use	40,553	-	40,553
Excess, Obsolete and Unserviceable Items	4,097	(2,574)	1,523
Items Held for Repair	41,796	(19,522)	22,274
Total Operating Materials & Supplies	346,074	(24,297)	321,777
Total Inventory and Related Property			<u>\$ 1,057,263</u>

Inventory is held for sale to the FAA field locations and other domestic entities and foreign governments and is classified as either held for sale, held for repair, or excess, obsolete, and unserviceable. Other inventory consists of raw materials and work in progress. Collectively, FAA's inventory is used to support our Nation's airspace system and is predominately located at the FAA Mike Monroney Aeronautical Center in Oklahoma City. Inventory that is deemed to be excess, obsolete and unserviceable is expected to have no net realizable value and a loss is recognized for the carrying amount. The carrying amount before identification as excess, obsolete and unserviceable inventory was \$6.2 million in FY 2021 and \$3.1 million in FY 2020.

Operating materials and supplies consist primarily of unissued materials and supplies to be used in the repair and maintenance of FAA-owned aircraft and to support the training vessels and day-to-day operations at the U.S. Merchant Marine Academy.

See Note 1H for additional information on DOT Accounting Policies related to Inventory and Related Property.

NOTE 8. GENERAL PROPERTY, PLANT & EQUIPMENT, NET

General Property, Plant and Equipment as of September 30, 2021 consists of the following:

DOLLARS IN THOUSANDS	Service Life	Acquisition Value	Accumulated Depreciation Amortization	Book Value
MAJOR CLASSES				
Land and Improvements	10-40	\$ 102,980	\$ (2,361)	\$ 100,619
Buildings and Structures	20-40	7,367,117	(4,351,795)	3,015,322
Furniture and Fixtures	7-10	439	(439)	-
Equipment	5-15	18,379,590	(13,820,916)	4,558,674
Internal Use Software	3-10	5,061,762	(2,727,650)	2,334,112
Assets Under Capital Lease	6-10	94,988	(55,605)	39,383
Leasehold Improvements	3	205,136	(159,307)	45,829
Aircraft	20	440,700	(369,338)	71,362
Ships and Vessels	15-25	1,958,295	(1,942,132)	16,163
Small Boats	10-18	29,614	(29,417)	197
Construction-in-Progress	N/A	2,529,576	-	2,529,576
Total		<u>\$ 36,170,197</u>	<u>\$ (23,458,960)</u>	<u>\$ 12,711,237</u>
				Net PPE 2021
Balance Beginning of Year				\$ 12,440,128
Capitalized Acquisitions				1,742,666
Dispositions				(1,176)
Revaluations				(156,837)
Donations				25,703
Transfers				15,088
Other				1,869
Depreciation Expense				(1,356,204)
Balance End of Year				<u>\$ 12,711,237</u>

NOTE 8. GENERAL PROPERTY, PLANT & EQUIPMENT, NET (CONT.)

General Property, Plant and Equipment as of September 30, 2020 consists of the following:

DOLLARS IN THOUSANDS	Service	Acquisition	Accumulated Depreciation	Book Value
Land and Improvements	10-40	\$ 100,272	\$ (2,440)	\$ 97,832
Buildings and Structures	20-40	7,201,564	(4,169,587)	3,031,977
Furniture and Fixtures	7-10	439	(439)	-
Equipment	5-15	18,196,581	(13,141,228)	5,055,353
Internal Use Software	3-10	4,650,541	(2,476,472)	2,174,069
Assets Under Capital Lease	6-10	94,988	(52,039)	42,949
Leasehold Improvements	3	204,980	(150,179)	54,801
Aircraft	20	465,312	(386,636)	78,676
Ships and Vessels	15-25	1,958,295	(1,937,004)	21,291
Small Boats	10-18	29,614	(29,313)	301
Construction-in-Progress	N/A	1,882,879	-	1,882,879
Total		<u>\$ 34,785,465</u>	<u>\$ (22,345,337)</u>	<u>\$ 12,440,128</u>

Net PPE 2020

Balance Beginning of Year	\$ 12,557,630
Capitalized Acquisitions	1,330,062
Dispositions	(76,071)
Revaluations	(62,313)
Donations	35,860
Transfers	7,148
Other	(91,181)
Depreciation Expense	(1,261,007)
Balance End of Year	<u>\$ 12,440,128</u>

Construction-in-progress (CIP) primarily relates to national airspace assets, which are derived from centrally funded national systems development contracts, site preparation and testing, raw materials, and internal labor changes. The accumulation of costs to be capitalized for assets in Property, Plant and Equipment (PP&E) typically flow into and remain in the CIP account until the asset is ready for deployment and placed in service. Once placed in service, the asset balance is transferred from the CIP category to its respective asset category.

See Note 11 for additional information on DOT Accounting Policies related to General Property, Plant and Equipment, net.

NOTE 9. STEWARDSHIP PROPERTY, PLANT, & EQUIPMENT

DOT has title to both personal and real property Heritage assets.

Personal Property Heritage Assets

Implied within the MARAD's mission is the promotion of the Nation's rich maritime heritage; including the collection, maintenance, and distribution of maritime artifacts removed from agency-owned ships prior to their disposal. As ships are assigned to a nonretention status, artifact items are collected, inventoried, photographed, and relocated to secure shoreside storage facilities. This resulting inventory is made available on a long-term loan basis to qualified organizations for public display purposes.

MARAD artifacts and other collections are generally on loan to single-purpose memorialization and remembrance groups, such as AMVETS National Service Foundation and other preservation societies. MARAD maintains a Web-based inventory system that manages the artifact loan process. The program also supports the required National Historic Preservation Act processing prior to vessel disposal. Funding for the maintenance of heritage items is typically the responsibility of the organization requesting the loan of a heritage asset. The artifacts and other collections are composed of ships' operating equipment obtained from obsolete ships. The ships are inoperative and in need of preservation and restoration. As all items are durable and restorable, disposal is not a consideration. The artifacts and other collections are removed from inventory when determined to be in excess of the needs of the collection, or destroyed while on loan. The following table shows the number of physical units added and withdrawn as of September 30, 2021.

	Units As Of 9/30/2020	Additions	Withdrawals	Units As Of 9/30/2021
HERITAGE ASSETS				
Personal Property				
Artifacts	549	1	(25)	525
Other Collections	6,199	7	(35)	6,171
Total Personal Property Heritage Assets	<u>6,748</u>	<u>8</u>	<u>(60)</u>	<u>6,696</u>

Real Property Heritage Assets

Washington's Union Station supports DOT's mobility mission, facilitating the movement of intercity and commuter rail passengers through the Washington, D.C. metropolitan area. FRA has an oversight role in the management of Washington's Union Station. FRA received title through legislation and sublets the property to Union Station Venture Limited, which manages the property.

Union Station is an elegant and unique turn-of-the-century rail station in which a wide variety of elaborate, artistic workmanship, characteristic of the period is found. Union Station is listed on the National Register of Historic Places. The station consists of the renovated original building and a parking garage, which was added by the National Park Service.

The Nuclear Ship *Savannah* is the world's first nuclear-powered merchant ship. It was constructed as a joint project of the MARAD and the Atomic Energy Commission (AEC) as a signature element of President Eisenhower's "Atoms for Peace" program. In 1965, the AEC issued a commercial operating license and ended its participation in the joint program. The ship remains licensed and regulated by the U.S. Nuclear Regulatory Commission (NRC), successor to the AEC. The Nuclear Ship *Savannah* is listed on the National Register of Historic Places. The ship is a boldly styled passenger/cargo vessel powered by a nuclear reactor.

NOTE 9. STEWARDSHIP PROPERTY, PLANT, & EQUIPMENT (CONT.)

Actions taken by MARAD since FY 2006 have stabilized the ship and rehabilitated portions of its interior for workday occupancy by staff and crew. The ship is currently located in Baltimore, MD, where it is being prepared for continued "SAFSTOR" (The NRC method of preparing nuclear facilities for storage and decontamination) retention under the provisions of its NRC license.

MARAD also has 35 buildings that encircle the central quadrangle of the U.S. Merchant Marine Academy and the William S. Barstow house, which are listed on the National Register of Historic Places.

NOTE 10. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Liabilities Not Covered by Budgetary Resources as of September 30, 2021 and 2020 consist of the following:

DOLLARS IN THOUSANDS	2021	2020
INTRAGOVERNMENTAL		
Accounts Payable	\$ 6,234	\$ 6,232
Other Liabilities		
Unfunded FECA Liabilities	158,465	164,648
Unfunded Employment Related Liability	32,881	34,010
Liability for Nonentity Assets	1,207,074	423,443
Other Liabilities	1	4,186
Total Intragovernmental	1,404,655	632,519
WITH THE PUBLIC		
Federal Employee Benefits Payable	1,479,573	1,496,378
Environmental and Disposal Liabilities (Note 12)	792,949	786,591
Other Liabilities		
Legal Claims	56,629	58,454
Capital Lease Liabilities	45,344	51,348
Other Liabilities	24,547	19,031
Total with the Public	2,399,042	2,411,802
Total Liabilities Not Covered by Budgetary Resources	3,803,697	3,044,321
Total Liabilities Covered by Budgetary Resources	33,472,657	35,120,160
Total Liabilities Not Requiring Budgetary Resources	25,593	23,187
Total Liabilities	\$ 37,301,947	\$ 38,187,668

Liabilities not covered by budgetary resources require future congressional action whereas liabilities covered by budgetary resources reflect prior congressional action. Regardless of when congressional action occurs, when the liabilities are liquidated, Treasury will finance the liquidation in the same way that it finances all other disbursements, using some combination of receipts, other inflows, and borrowing from the public (if there is a budget deficit).

Intragovernmental Liabilities are those liabilities that are with other Federal Government entities. The \$1.2 billion and \$0.4 billion of liability for nonentity assets for FY 2021 and FY 2020, respectively, are primarily related to downward loan subsidy reestimates. For consolidated financial statement presentation, DOT eliminates the payable to the nonentity fund and the general fund receivable from the financing funds; since both are

NOTE 10. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES (CONT.)

included in DOT's financial statements. After the elimination, the downward reestimate payable to Treasury (Liability for Nonentity Asset) in the general fund receipt account remains on the Balance Sheet as a liability.

Liabilities Not Requiring Budgetary Resources are those liabilities for custodial collections that will not require the use of budgetary resources.

Certain line items may not tie to the related financial statement line item due to information contained in this note is related only to liabilities not covered by budgetary resources.

NOTE 11. DEBT

Debt activities during the fiscal year ended September 30, 2021 and September 30, 2020 consist of the following:

DOLLARS IN THOUSANDS	2020 Beginning Balance	2020 Net Borrowing	2020 Ending Balance	2021 Net Borrowing	2021 Ending Balance
INTRAGOVERNMENTAL DEBT					
Debt to the Treasury	\$ 20,756,047	\$ (4,073,596)	\$ 16,682,451	\$ (1,929,113)	\$ 14,753,337
Debt to the Federal Financing Bank	-	325,528	325,528	(13,852)	311,676
Total Intragovernmental Debt	<u>\$ 20,756,047</u>	<u>\$ (3,748,068)</u>	<u>\$ 17,007,979</u>	<u>\$ (1,942,965)</u>	<u>\$ 15,065,013</u>

As part of its credit reform program, DOT borrows from the U.S. Treasury and the Federal Financing Bank to fund certain transactions disbursed in its financing accounts. Borrowings are needed to fund the unsubsidized portion of anticipated loan disbursements and to transfer the credit subsidy related to downward reestimates from the financing account to the receipt account or when available cash is less than claim payments.

During FY 2021, DOT's U.S. Treasury borrowings carried interest rates ranging from .70 percent to 6.1 percent. The maturity dates for these borrowings occur from September 2023 to September 2059. Federal Financing Bank borrowings carried interest rates of 1.22 percent and 1.353 percent. The maturity dates for these borrowings occur in October 2043 and March 2044. Loans may be repaid in whole or in part without penalty at any time. Borrowings from the U.S. Treasury and the Federal Financing Bank are considered covered by budgetary resources, as no congressional action is necessary to pay the debt.

NOTE 12. ENVIRONMENTAL & DISPOSAL LIABILITIES

Environmental and Disposal Liabilities as of September 30 consist of the following:

DOLLARS IN THOUSANDS	2021	2020
Environmental Remediation	\$ 348,274	\$ 354,214
Asset Disposal	516,609	522,398
Total Environmental and Disposal Liabilities	<u>\$ 864,883</u>	<u>\$ 876,612</u>

Environmental Remediation

Environmental remediation generally occurs under the Resource Conservation and Recovery Act of 1976 (RCRA), the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA or Superfund), or the Toxic Substances Control Act (TSCA). Environmental remediation

NOTE 12. ENVIRONMENTAL & DISPOSAL LIABILITIES (CONT.)

includes the remediation of fuels, solvents, and other contamination associated with releases to the environment where DOT owns the property, leases the property, or is identified as a responsible party by a regulatory agency.

As of September 30, 2021 and 2020, DOT's environmental remediation liability primarily includes the removal of contaminants and remediation at various sites managed by the FAA and MARAD. To help manage the cleanup of the contaminated sites, FAA established an Environmental Cleanup Program that includes three service areas, which are responsible for oversight of the contaminated sites. The service area personnel use both actual costs and an automated, parametric cost-estimating tool that provides estimates for all phases of investigation and remediation to estimate the environmental remediation liability.

Asset Disposal

The FAA asset disposal liability is estimated using a combination of actual costs and project-specific cost proposals for certain targeted facilities. FAA uses the average decommissioning and cleanup costs of the targeted facilities as the cost basis for the other like facilities to arrive at the estimated liability for asset disposal.

The National Maritime Heritage Act requires that MARAD dispose of certain merchant vessels owned by the U.S. Government, including nonretention ships in the fleet. Residual fuel, asbestos, and solid polychlorinated biphenyls (PCB) sometimes exist onboard MARAD's nonretention ships. Nonretention ships are those MARAD September vessels that no longer have a useful application and are pending disposition. The asset disposal liability as of September 30, 2021, includes the estimated cost of disposing 78 ships. In addition, DOT records an asset disposal liability for the estimated cost that will be incurred to remove, contain, and/or dispose of hazardous materials when an asset is removed from service.

Estimating the Department's cost estimates for environmental cleanup and asset disposal liabilities requires making assumptions about future activities and is inherently uncertain. These liabilities are not adjusted for inflation and are subject to revision as a result of changes in technology and environmental laws and regulations.

See Note 16 for contingent environmental liabilities.

NOTE 13. GRANT ACCRUAL

Grantees primarily include State and local governments and transit authorities. The grant accrual consists of an estimate of grantee expenses incurred, but not yet paid, by DOT. Due to the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA), the American Rescue Plan Act of 2021, and Cares Act appropriations received during FY 2021 and 2020, DOT reports more grant accruals than the prior year. (See Note 24)

Grant accruals by DOT Operating Administrations as of September 30, 2021 and 2020 were as follows:

DOLLARS IN THOUSANDS	2021	2020
Federal Highway Administration	\$ 5,832,528	\$ 6,200,450
Federal Transit Administration	2,780,462	4,207,520
Federal Aviation Administration	7,230,444	5,161,060
Other Operating Administrations	247,581	222,933
Total Grant Accrual	<u>\$ 16,091,015</u>	<u>\$ 15,791,963</u>

NOTE 14. OTHER LIABILITIES

Other Liabilities as of September 30, 2021 consist of the following:

DOLLARS IN THOUSANDS	Non-Current	Current	Total
INTRAGOVERNMENTAL			
Accrued Pay and Benefits	-	136,280	136,280
FECA Billings	85,637	73,087	158,724
Liability for Nonentity Assets	-	1,207,074	1,207,074
Other Accrued Liabilities	-	58,474	58,474
Total Intragovernmental	85,637	1,474,915	1,560,552
WITH THE PUBLIC			
Accrued Pay and Benefits	-	398,209	398,209
Legal Claims	-	56,629	56,629
Capital Leases (Note 15)	37,285	8,059	45,344
Other Accrued Liabilities	-	46,569	46,569
Total with the Public	37,285	509,466	546,751
Total Other Liabilities	<u>\$ 122,922</u>	<u>\$ 1,984,381</u>	<u>\$ 2,107,303</u>

Other Liabilities as of September 30, 2020 consist of the following:

DOLLARS IN THOUSANDS	Non-Current	Current	Total
INTRAGOVERNMENTAL			
Accrued Pay and Benefits	-	119,452	119,452
FECA Billings	89,337	75,692	165,029
Liability for Nonentity Assets	-	423,443	423,443
Other Accrued Liabilities	-	61,382	61,382
Total Intragovernmental	89,337	679,969	769,306
WITH THE PUBLIC			
Accrued Pay and Benefits	-	356,248	356,248
Legal Claims (Note 16)	-	58,454	58,454
Capital Leases (Note 15)	44,381	6,967	51,348
Other Accrued Liabilities	-	40,899	40,899
Total with the Public	44,381	462,568	506,949
Total Other Liabilities	<u>\$ 133,718</u>	<u>\$ 1,142,537</u>	<u>\$ 1,276,255</u>

NOTE 15. LEASES

Entity As Lessee

Capital Leases

As of September 30, 2021 and 2020, capital leases were comprised of the following:

DOLLARS IN THOUSANDS	2021	2020
SUMMARY OF ASSETS UNDER CAPITAL LEASE BY CATEGORY		
Land, Buildings & Machinery	\$ 94,988	\$ 94,988
Accumulated Amortization	(55,605)	(52,039)
Net Assets Under Capital Lease	<u>\$ 39,383</u>	<u>\$ 42,949</u>

As of September 30, 2021, all assets were under non-Federal capital lease.

As of September 30, 2021, DOT's future payments due on assets under capital lease were:

Fiscal Year	Non-Federal
FUTURE PAYMENTS DUE	
FY 2022	\$ 8,059
FY 2023	8,038
FY 2024	7,891
FY 2025	7,238
FY 2026	6,701
FY 2027+	14,893
Total Future Lease Payments	<u>52,820</u>
Less: Imputed Interest	7,476
Net Capital Lease Liability	<u>\$ 45,344</u>

As of September 30, 2021, all future payments due on assets under capital lease were non-Federal.

The capital lease payments disclosed in the preceding table relate to FAA and are authorized to be funded annually as codified in U.S.C. Title 49, Section 40110(c)(1), which addresses general procurement authority. The remaining principal payments are recorded as unfunded lease liabilities. The imputed interest is funded and expensed annually. DOT's capital leases contain terms expiring at various dates through FY 2039.

Operating Leases

DOT has operating leases for real property, aircraft, telecommunications equipment and vehicles. Operating lease expenses incurred were \$301.6 million and \$296 million for the years ended September 30, 2021 and 2020, respectively. For FY 2021, the Federal operating lease expense incurred was \$208.1 million and the non-Federal operating lease expense incurred was \$93.5 million. For FY 2020, the Federal operating lease expense incurred was \$204.9 million and the non-Federal operating lease expense incurred was \$91.1 million. General Services Administration (GSA) leases include terms with a short termination privilege. However, DOT intends to remain in the leases. DOT's operating leases carry terms expiring at various dates ranging from 2021 to 2043. Any estimates of lease termination dates would be subjective, and any projection of future lease payments would be arbitrary.

NOTE 15. LEASES (CONT.)

As of September 30, 2021, DOT's future payments due on assets under operating lease were:

DOLLARS IN THOUSANDS	Land, Buildings, Machinery & Other	
	Federal	Non-Federal
FUTURE PAYMENTS DUE		
FY 2022	\$ 210,091	\$ 83,816
FY 2023	204,566	64,575
FY 2024	196,280	36,562
FY 2025	187,237	29,243
FY 2026	187,730	25,694
FY 2027+	840,490	84,551
Total Future Lease Payments	<u>\$ 1,826,394</u>	<u>\$ 324,441</u>

The operating lease amounts due after five years do not include estimated payments for leases with annual renewal options.

NOTE 16. COMMITMENTS & CONTINGENCIES**Legal Liabilities**

As of September 30, 2021 and 2020, DOT legal contingencies include asserted and pending legal claims. An accrued liability is recognized for legal claims where the loss is probable and the amount can be reasonably estimated. For pending legal claims where the loss is reasonably possible, a liability is not recognized, however, the estimated range of loss is disclosed in the following table. There are other claims that could result in significant pay-outs; however, it is not possible at this time to determine the probability of an unfavorable outcome, or to estimate the amount of potential loss in the event of such an outcome. DOT does not have material amounts of known unasserted claims.

2021	Accrued Liabilities	Estimated Range Of Loss	
		Lower End	Upper End
LEGAL CONTINGENCIES			
Probable	\$ 56,629	\$ 56,528	\$ 57,503
Reasonably Possible		112,261	476,452
2020	Accrued Liabilities	Estimated Range Of Loss	
		Lower End	Upper End
LEGAL CONTINGENCIES			
Probable	\$ 58,454	\$ 58,445	\$ 59,195
Reasonably Possible		254,912	619,357

NOTE 16. COMMITMENTS & CONTINGENCIES (CONT.)**Grant Programs**

Advance construction is a technique which allows a State to initiate a project using non-federal funds while preserving eligibility for future Federal-aid funds. FHWA has authority to approve projects using advance construction under 23 U.S.C. 115(a) and 23 Code of Federal Regulations (CFR) 630.701–630.709. FHWA does not guarantee the ultimate funding to the States for these “advance construction” projects and, accordingly, does not obligate any funds for these projects. The State may submit a written request to the FHWA that a project be converted to a regular Federal-aid project at any time provided that sufficient Federal-aid funds and obligation authority are available. The State also retains discretion to fund a project that was authorized for advanced construction without any Federal funds or with less than the maximum Federal share. As of September 30, 2021 and 2020, FHWA has \$68.8 billion and \$68.7 billion, respectively, of advanced construction authorizations that could be converted to Federal obligations, subject to the availability of funds. These authorizations have not been recognized in the DOT consolidated financial statements at September 30, 2021 and 2020.

FTA executes Full Funding Grant Agreements (FFGAs) under its Capital Investment Grants Program under 49 U.S.C. 5309(k)(2), FAST Act § 3005(b)(2), and similar provisions in earlier surface transportation acts. The FFGAs authorize transit authorities to incur costs with their own funds in advance of Federal funds being made available. As of September 30, 2021 and September 30, 2020, FTA had funding commitments in FFGAs totaling \$7.17 billion and \$8.0 billion, respectively, which had not been obligated. FTA includes information about these commitments in its budget submissions and annual funding recommendations report to Congress. There is no liability related to these commitments reflected in the DOT consolidated financial statements at September 30, 2021.

FAA's Airport Improvement Program (AIP) provides grants for the planning and development of public-use airports that are included in the National Plan of Integrated Airport Systems. FAA has authority under 49 U.S.C. 47110(e) to issue letters of intent to enter into a series of annual AIP grant agreements. A letter of intent is neither an obligation nor an administrative commitment of funds. FAA records an obligation when a grant is awarded. As of September 30, 2021 and 2020, FAA has letters of intent totaling \$0.2 billion and \$0.3 billion, respectively, which had not been obligated. These letters of intent have not been recognized in the DOT consolidated financial statements at September 30, 2021 and 2020.

Environmental Liabilities

As of September 30, 2021 and 2020, DOT environmental contingencies include environmental remediation, and environmental clean-up and decommissioning. An accrued liability is recognized for environmental contingencies where the loss is probable and the amount can be reasonably estimated. For environmental contingencies where the loss is reasonably possible, a liability is not recognized, however, the estimated range of loss is disclosed in the following table. The FAA is a party to environmental remediation sites in Alaska, the Pacific Islands, and New Jersey in which the extent of liability is not both probable and reasonably estimable. As a result, a liability is not recognized for these sites without further studies and negotiations with other federal agencies.

NOTE 16. COMMITMENTS & CONTINGENCIES (CONT.)

2021	Accrued Liabilities	Estimated Range Of Loss	
		Lower End	Upper End
ENVIRONMENTAL CONTINGENCIES			
Probable	\$ 864,883	\$ 864,883	\$ 864,883
Reasonably Possible		108,607	108,607

2020	Accrued Liabilities	Estimated Range Of Loss	
		Lower End	Upper End
ENVIRONMENTAL CONTINGENCIES			
Probable	\$ 876,612	\$ 876,612	\$ 876,612
Reasonably Possible		103,145	103,145

Aviation Insurance Program

The FAA provides non-premium war risk insurance for certain U.S. Government contracted operations as permitted by 49 U.S.C. 44305. Coverage is provided without premium to air carriers at the written request of other U.S. Government agencies. The scope of coverage under the Non-Premium War Risk Insurance program includes hull, bodily injury, personal injury, and property damage. The FAA is currently providing coverage for certain U.S. Department of Defense (DOD) contracted air carrier operations.

Because insurance policies are issued only at the request of other federal departments and agencies, total coverage-in-force fluctuates throughout the fiscal year. The coverage-in-force at any given point in time does not represent a potential liability against the Aviation Insurance Revolving Fund because the Secretary of Defense has entered into an indemnity agreement with the Secretary of Transportation and will fully reimburse the Fund for all losses paid by the FAA on behalf of DOD.

Marine War Risk Insurance Program

MARAD is authorized to issue hull and liability insurance under the Marine War Risk Insurance Program for vessel operations for which commercial insurance is not available on reasonable terms and conditions, when the vessel is considered to be in the interest of national defense or national economy of the United States. MARAD may issue (1) premium-based insurance for which a risk based premium is charged and (2) nonpremium insurance for vessels under charter operations for the Military Sealift Command.

Additional commitments are discussed in Note 6-Loan Receivable, Net and Loan Guarantee Liabilities, Non-Federal Borrowers, and Note 15-Leases.

Other Contingencies

The FAA's logistics center issues parts to customers with a 90-day warranty, that are replaced free of charge if warranty conditions are met. An accrued liability is recognized for warranty contingencies where the loss is probable and the amount can be reasonably estimated. The loss contingency is estimated based on historical averages of parts that failed and the warranty claims are approved. FAA warranty contingencies where the loss is probable and the amount can be reasonably estimated is \$.05 billion. A loss contingency is not estimated for warranty claims that are reasonably possible of loss.

NOTE 17. FUNDS FROM DEDICATED COLLECTIONS

DOT administers certain dedicated collections, which are specifically identified revenues, often supplemented by other financing sources, that remain available over time. Descriptions of the significant dedicated collections related to these accounts are as follows:

Highway Trust Fund

The HTF was created by the Highway Revenue Act of 1956 with the main objective of funding the construction of the Dwight D. Eisenhower System of Interstate and Defense Highways. Over the years, the use of the fund has been expanded to include mass transit and other surface transportation programs such as highway safety and motor carrier safety programs. The Highway Revenue Act of 1982 established two accounts within the HTF, the Highway Account and the Mass Transit Account. The HTF consists of the Highway Corpus Trust Fund and certain accounts of FHWA, FMCSA, FRA, FTA, NHTSA, and OST. The HTF's programs and activities are primarily financed from excise taxes collected on specific motor fuels, truck taxes, and fines and penalties.

Mass Transit Account

Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) legislation (P.L. 109-59) changed the way FTA programs are funded. Beginning in FY 2006, the FTA formula and bus grant programs are funded 100 percent by the HTF.

Airport & Airway Trust Fund

The AATF was authorized by the Airport and Airway Revenue Act of 1970 to provide funding for the Federal commitment to the Nation's aviation system.

Funding currently comes from several aviation-related excise tax collections from passenger tickets, passenger flight segments, international arrivals/departures, cargo waybills, and aviation fuels.

The following is a list of other funds from dedicated collections for which DOT has program management responsibility.

Other Dedicated Collections

- Aviation Insurance Revolving Fund
- Pipeline Safety
- Emergency Preparedness Grant
- Aviation User Fees
- Aviation Operations
- Grants-in-Aid for Airports
- Aviation Facilities and Equipment
- Aviation Research, Engineering and Development
- Essential Air Service and Rural Airport Improvement Fund
- Contributions for Highway Research Program
- Cooperative Work, Forest Highways
- Payment to Air Carriers
- Technical Assistance, United States Dollars Advanced from Foreign Governments

NOTE 17. FUNDS FROM DEDICATED COLLECTIONS (CONT.)

- Gifts and Bequests, Maritime Administration
- Special Studies, Services and Projects
- Equipment, Supplies, etc., for Cooperating Countries
- War-Risk Insurance Revolving Fund
- International Highway Transportation Outreach Program
- Trust Fund Share of Pipeline Safety
- Advances from State Cooperating Agencies, Foreign Governments, and Other Federal Agencies

For the periods ended September 30, 2021 and 2020, respectively, funds from dedicated collections are summarized in the following charts. This note is presented on a combined basis. The combined presentation does not eliminate intra-entity balances or transactions between funds from dedicated collections held by the entity. Similarly, the combined presentation does not eliminate intra-entity balances or transactions with non-dedicated collections. In addition, this note presents only the funds from dedicated collections that are financing sources available for future expenses, and funds that have been expended but have not yet achieved their designated purpose, such as construction in progress. As such, PP&E that has been placed in service, that was funded from dedicated collections, are excluded from this note; these funds are no longer available for future expenditure and have been used for their intended purpose.

NOTE 17. FUNDS FROM DEDICATED COLLECTIONS (CONT.)

Fiscal Year 2021

DOLLARS IN THOUSANDS	Highway Trust Fund	Airport and Airway Trust Fund	Mass Transit	Other Funds From Dedicated Collections	Total Funds From Dedicated Collections
BALANCE SHEET					
<i>As of September 30, 2021</i>					
Assets					
Intragovernmental					
Fund Balance with Treasury	\$ 9,099,141	\$ (1,868,836)	\$ 24,099	\$ 4,708,322	\$ 11,962,726
Investments, Net	12,043,353	15,948,941	-	2,272,623	30,264,917
Accounts Receivable, Net	66,668,373	-	63	8,027,987	74,696,423
Advances and Prepayments	140,033	-	-	211,745	351,778
Total Intragovernmental	87,950,900	14,080,105	24,162	15,220,677	117,275,844
With the Public					
Accounts Receivable, Net	24,150	-	-	25,443	49,593
Property, Plant & Equipment	235,843	-	-	3,073,878	3,309,721
Advances, Prepayments, and Other Assets	1,063	-	-	677	1,740
Total with the Public	261,056	-	-	3,099,998	3,361,054
Total Assets	\$ 88,211,956	\$ 14,080,105	\$ 24,162	\$ 18,320,675	\$ 120,636,898
Liabilities and Net Position					
Intragovernmental					
Accounts Payable	\$ 66,842,479	\$ 6,965,558	\$ -	\$ 1,047,849	\$ 74,855,886
Advances from Others and Deferred Revenue	273,158	-	-	26,426	299,584
Other Liabilities	14,841	-	-	292,637	307,478
Total Intragovernmental	67,130,478	6,965,558	-	1,366,912	75,462,948
With the Public					
Accounts Payable	35,199	-	-	417,793	452,992
Federal Employee Benefits Payable	68,789	-	-	1,331,845	1,400,634
Accrued Grant Liabilities	6,653,133	-	2,158	2,975,925	9,631,216
Advances from Others and Deferred Revenue	104,204	-	-	151,595	255,799
Other Liabilities	49,862	-	1,444	352,264	403,570
Total with the Public	6,911,187	-	3,602	5,229,422	12,144,211
Total Liabilities	\$ 74,041,665	\$ 6,965,558	\$ 3,602	\$ 6,596,334	\$ 87,607,159
Unexpended Appropriations	-	-	550	718,832	719,382
Cumulative Results of Operations	14,170,291	7,114,547	20,010	11,005,509	32,310,357
Total Liabilities and Net Position	\$ 88,211,956	\$ 14,080,105	\$ 24,162	\$ 18,320,675	\$ 120,636,898
STATEMENT OF NET COST					
<i>For the year ended September 30, 2021</i>					
Program Costs	\$ 52,201,397	\$ -	\$ 9,623	\$ 19,306,850	\$ 71,517,870
Less Earned Revenue	285,667	1	75	473,956	759,699
Net Program Costs	51,915,730	(1)	9,548	18,832,894	70,758,171
Costs Not Attributed to Programs	-	-	-	-	-
Net Cost of Operations	\$ 51,915,730	\$ (1)	\$ 9,548	\$ 18,832,894	\$ 70,758,171

NOTE 17. FUNDS FROM DEDICATED COLLECTIONS (CONT.)

Fiscal Year 2021

DOLLARS IN THOUSANDS	Highway Trust Fund	Airport and Airway Trust Fund	Mass Transit	Other Funds From Dedicated Collections	Total Funds From Dedicated Collections
STATEMENT OF CHANGES IN NET POSITION					
	<i>For the year ended September 30, 2021</i>				
Beginning Net Position	\$ 9,599,210	\$ 1,842,196	\$ 31,715	\$ 13,383,731	\$ 24,856,852
Appropriations Received	-	-	-	483,500	483,500
Appropriations Transferred In/Out	-	-	-	-	-
Other Adjustments	-	-	-	(50,235)	(50,235)
Nonexchange Revenue	43,536,766	8,463,962	-	2,842	52,003,570
Donations and Forfeitures of Cash/Cash Equivalents	-	-	-	1,272	1,272
Transfers In/Out Without Reimbursement	13,979,568	(3,191,612)	(1,607)	16,349,823	27,136,172
Imputed Financing	35,096	-	-	386,302	421,398
Other	(1,064,619)	-	-	-	(1,064,619)
Net Cost of Operations	51,915,730	(1)	9,548	18,832,894	70,758,171
Change in Net Position	4,571,081	5,272,351	(11,155)	(1,659,390)	8,172,887
Net Position End of Period	<u>\$ 14,170,291</u>	<u>\$ 7,114,547</u>	<u>\$ 20,560</u>	<u>\$ 11,724,341</u>	<u>\$ 33,029,739</u>

NOTE 17. FUNDS FROM DEDICATED COLLECTIONS (CONT.)

Fiscal Year 2020

DOLLARS IN THOUSANDS	Highway Trust Fund	Airport and Airway Trust Fund	Mass Transit	Other Funds From Dedicated Collections	Total Funds From Dedicated Collections
BALANCE SHEET					
<i>As of September 30, 2020</i>					
Assets					
Intragovernmental					
Fund Balance With Treasury	\$ 5,666,495	\$ (124,690)	\$ 34,274	\$ 9,823,058	\$ 15,399,137
Investments, Net	12,080,824	7,934,830	-	2,375,215	22,390,869
Accounts Receivable, Net	62,325,155	-	(17)	6,791,290	69,116,428
Advances and Prepayments	124,940	-	-	220,851	345,791
Total Intragovernmental	80,197,414	7,810,140	34,257	19,210,414	107,252,225
With the Public					
Accounts Receivable, Net	13,597	-	-	27,830	41,427
Property, Plant & Equipment	221,424	-	-	2,786,072	3,007,496
Advances, Prepayments, and Other Assets	1,051	-	-	941	1,992
Total with the Public	236,072	-	-	2,814,843	3,050,915
Total Assets	\$ 80,433,486	\$ 7,810,140	\$ 34,257	\$ 22,025,257	\$ 110,303,140
Liabilities and Net Position					
Intragovernmental					
Accounts Payable	\$ 62,673,174	\$ 5,967,944	\$ -	\$ 823,370	\$ 69,464,488
Advances from Others and Deferred Revenue	127,768	-	-	24,253	152,021
Other Liabilities	13,995	-	-	287,385	301,380
Total Intragovernmental	62,814,937	5,967,944	-	1,135,008	69,917,889
With the Public					
Accounts Payable	31,170	-	-	388,136	419,306
Federal Employee Benefits Payable	30,965	-	-	1,347,331	1,378,296
Accrued Grant Liabilities	7,787,986	-	1,098	5,161,060	12,950,144
Advances from Others and Deferred Revenue	85,289	-	-	289,410	374,699
Other Liabilities	83,929	-	1,444	320,581	405,954
Total with the Public	8,019,339	-	2,542	7,506,518	15,528,399
Total Liabilities	\$ 70,834,276	\$ 5,967,944	\$ 2,542	\$ 8,641,526	\$ 85,446,288
Unexpended Appropriations	-	-	550	489,059	489,609
Cumulative Results of Operations	9,599,210	1,842,196	31,165	12,894,672	24,367,243
Total Liabilities and Net Position	\$ 80,433,486	\$ 7,810,140	\$ 34,257	\$ 22,025,257	\$ 110,303,140
STATEMENT OF NET COST					
<i>For the year ended September 30, 2020</i>					
Program Costs	\$ 57,877,670	\$ -	\$ 15,264	\$ 24,448,310	\$ 82,341,244
Less Earned Revenue	269,856	14	-	563,920	833,790
Net Program Costs	57,607,814	(14)	15,264	23,884,390	81,507,454
Costs Not Attributed to Programs	-	-	-	-	-
Net Cost of Operations	\$ 57,607,814	\$ (14)	\$ 15,264	\$ 23,884,390	\$ 81,507,454

NOTE 17. FUNDS FROM DEDICATED COLLECTIONS (CONT.)

Fiscal Year 2020

DOLLARS IN THOUSANDS	Highway Trust Fund	Airport and Airway Trust Fund	Mass Transit	Other Funds From Dedicated Collections	Total Funds From Dedicated Collections
STATEMENT OF CHANGES IN NET POSITION					
	<i>For the year ended September 30, 2020</i>				
Beginning Net Position	\$ 25,445,054	\$ 9,391,754	\$ 46,979	\$ 10,752,896	\$ 45,636,683
Appropriations Received	-	-	-	167,000	167,000
Appropriations Transferred In/Out	-	-	-	(15,536)	(15,536)
Other Adjustments	-	-	-	(57,667)	(57,667)
Nonexchange Revenue	43,019,984	9,345,586	-	2,526	52,368,096
Donations and Forfeitures of Cash/Cash Equivalents	-	-	-	1,167	1,167
Transfers In/Out Without Reimbursement	65,813	(16,895,158)	-	26,081,608	9,252,263
Imputed Financing	32,546	-	-	336,127	368,673
Other	(1,356,373)	-	-	-	(1,356,373)
Net Cost of Operations	57,607,814	(14)	15,264	23,884,390	81,507,454
Change in Net Position	(15,845,844)	(7,549,558)	(15,264)	2,630,835	(20,779,831)
Net Position End of Period	<u>\$ 9,599,210</u>	<u>\$ 1,842,196</u>	<u>\$ 31,715</u>	<u>\$ 13,383,731</u>	<u>\$ 24,856,852</u>

NOTE 18. EXCISE TAXES & OTHER NONEXCHANGE REVENUE

The IRS collects various excise taxes that are deposited into the HTF and AATF. The U.S. Treasury Office, OTA distributes the amount collected/revenue recognized bimonthly and adjusts the allocations to reflect actual collections quarterly. The IRS submits certificates of actual tax collections to DOT four months after the quarter end. During FY 2021, the DOT financial statements include actual excise tax revenue certified through June 30, 2021, and excise tax revenue allocated by OTA for the quarter ended September 30, 2021. As a result, total taxes recognized in the DOT FY 2021 financial statements include the OTA allocation of \$13.9 billion for the quarter ended September 30, 2021 and the actual amounts certified through June 30, 2021 of \$37 billion, which includes the certifications and associated adjustments for the quarters ended June 30, 2020 and September 30, 2020 that were recorded in FY2021 due to the delays in the processing of excise taxes due to the COVID-19 pandemic.

For the years ended September 30, 2021 and 2020, respectively, excise taxes and associated nonexchange revenue, which are reported on the Consolidated Statements of Changes in Net Position, are as follows.

NONEXCHANGE REVENUE

For the periods ended September 30, 2021 and 2020

DOLLARS IN THOUSANDS	2021	2020
HIGHWAY TRUST FUND		
Excise Taxes and Other Nonexchange Revenue		
Gasoline	\$ 25,974,654	\$ 25,727,029
Diesel and Special Motor Fuels	12,362,870	11,058,175
Trucks	5,766,604	6,921,259
Investment Income	9,739	193,147
Fines and Penalties	343	483
Total Taxes	44,114,210	43,900,093
Less: Transfers	(746,050)	(1,049,951)
Other Nonexchange Revenue	100,447	130,159
Net Highway Trust Fund Excise Taxes & Other Nonexchange Revenue	43,468,607	42,980,301
FEDERAL AVIATION ADMINISTRATION		
Excise Taxes and Other Nonexchange Revenue		
Passenger Ticket	\$ 5,320,040	\$ 6,497,251
International Departure	1,904,241	1,847,102
Fuel (Air)	494,576	389,859
Waybill	478,058	300,478
Investment Income	280,320	329,846
Tax Refunds and Credits	(13,273)	(18,951)
Other	2,842	2,526
Net Federal Aviation Administration Excise Taxes & Other Nonexchange Revenue	8,466,804	9,348,111
Other Miscellaneous Net Nonexchange Revenue	69,383	40,966
Total Nonexchange Revenue	\$ 52,004,794	\$ 52,369,378

NOTE 19. INFORMATION RELATED TO THE STATEMENT OF BUDGETARY RESOURCES

DOLLARS IN THOUSANDS	2021		2020	
Available Contract Authority at Year-End	\$ 16,660,324		\$ 16,108,544	
DOLLARS IN THOUSANDS	2021		2020	
	Federal	Non-Federal	Federal	Non-Federal
Undelivered Orders at Year-End, unpaid	\$ 1,043,080	\$ 141,082,794	\$ 1,019,698	\$ 125,262,414
Undelivered Orders at Year-End, paid	\$ 473,833	\$ 2,981,876	\$ 437,830	\$ 1,354,964

Borrowing Authority, End Of Period And Terms Of Borrowing Authority Used

DOT had \$10.6 billion and \$4.5 billion in borrowing authority in FY 2021 and FY 2020, respectively. Borrowing authority is indefinite and authorized under the Federal Credit Reform Act of 1990, and is used to finance obligations during the current year, as needed. Under the provisions of the Federal Credit Reform Act of 1990, DOT's direct loan and loan guarantee programs are authorized to borrow funds from Treasury to support its credit programs. All loan drawdowns are dated October 1 of the applicable fiscal year. Interest is payable at the end of each fiscal year based on activity for that fiscal year. Principal can be repaid at any time funds become available. Repayment is effectuated by a combination of loan recoveries and upward reestimates.

Existence, Purpose, And Availability Of Permanent Indefinite Appropriations

DOT has permanent indefinite budgetary authority for use in their credit programs that is provided from, and more details are available in, the Federal Credit Reform Act of 1990. This funding is available for reestimates and interest on reestimates. DOT's credit programs are explained in detail in Note 6.

Legal Arrangements Affecting The Use Of Obligated Balances

Unobligated balances remain legally available for obligation when the funds are apportioned by the OMB and the period of availability is unexpired. Unobligated balances are not available when the funds are not yet apportioned or the period of availability is expired. Unobligated balances of expired accounts are not available to fund new obligations, but they can be used for upward adjustments of obligations that were incurred during the period of availability or for paying claims attributable to that time period.

Aviation insurance investments and marine war risk insurance investments are not available for obligation until authorized, for example, in the event of a major air carrier loss or vessel operations loss caused by a war risk occurrence.

Unobligated Balance From Prior Year Budget Authority, Net

The unobligated balance from prior year budget authority is presented net of transfers, recoveries from prior year obligations, and balances withdrawn for cancelled authority. As a result, the amount will not equal the prior year unobligated balance, end of year total.

NOTE 19. INFORMATION RELATED TO THE STATEMENT OF BUDGETARY RESOURCES (CONT.)

DOLLARS IN THOUSANDS	2021	2020
Unobligated Balance brought forward, October 1	\$ 60,743,442	\$ 60,694,802
Adjustments to Unobligated Balance brought forward, October 1	(3,100)	1,261
Recoveries of Prior Year Obligations	8,815,505	1,822,004
Other Adjustments to Unobligated Balance brought forward, October 1	(7,712,989)	(839,229)
Unobligated Balance from prior year budget authority, net	<u>\$ 61,842,858</u>	<u>\$ 61,678,838</u>

Distributed Offsetting Receipts

Distributed offsetting receipts are amounts that an agency collects from the public or from other U.S. Government agencies that are used to offset or reduce an agency's budget outlays. Agency outlays are measured on both a gross and net basis, with net outlays being reduced by offsetting receipts (and other amounts).

Statement Of Budgetary Resources Vs. Budget Of The United States Government

The reconciliation for the year ended September 30, 2020, is presented in the following table. The reconciliation for the fiscal year ended September 30, 2021, is not presented, because the submission of the Budget of the United States Government (Budget) for FY 2023, which presents the execution of the FY 2021 budget, occurs after publication of these financial statements. The DOT Budget Appendix can be found on the OMB website and will be available in early February 2022.

DOLLARS IN MILLIONS	Budgetary Resources	New Obligations and Upward Adjustments	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	\$ 213,358	\$ 152,615	\$ (11,802)	\$ 112,109
Funds Not Reported in the Budget				
Expired Funds	(290)	(3)	-	-
Non-Budgetary Credit Reform Financing Accounts - Disbursements, Net	-	-	-	(3,726)
Other	(10)	(4)	3	(4)
Budget of the United States Government	<u>\$ 213,058</u>	<u>\$ 152,608</u>	<u>\$ (11,799)</u>	<u>\$ 108,379</u>

Other differences represent financial statement adjustments, timing differences, and other immaterial differences between amounts reported in the Department's Statement of Budgetary Resources and the Budget of the United States Government.

NOTE 20. CUSTODIAL ACTIVITY

Cash collections that are “custodial” are not revenue to the DOT, but are collected on behalf of other Federal entities or funds. Custodial collections are considered to be incidental to the DOT’s operations. The following table presents custodial collections and the disposition of those collections for the years ended September 30, 2021 and 2020:

DOLLARS IN THOUSANDS	2021	2020
SOURCES OF CASH COLLECTIONS		
Miscellaneous Receipts	\$ 31,577	\$ 34,023
User Fees	1,683	127
Fines, Penalties and Forfeitures	156,499	137,453
Total Cash Collections	189,759	171,603
Accrual Adjustment	(2,864)	13,976
Total Custodial Revenue	186,895	185,579
DISPOSITION OF COLLECTIONS		
Transferred to Treasury’s General Fund	85,382	64,622
Transferred to Highway Trust Fund	104,377	106,981
Increase (Decrease) in Amounts to be Transferred	(2,864)	13,976
Net Custodial Activity	\$ —	\$ —

NOTE 21. RECONCILIATION OF NET OPERATING COST & NET BUDGETARY OUTLAYS

The objective of this information is to provide an explanation of the differences between budgetary and financial (proprietary) accounting. This is accomplished by means of a reconciliation of budgetary outlays and non-budgetary resources available to the reporting entity with its net cost of operations. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. Financial accounting is intended to provide a picture of the government's financial operations and financial position so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information.

Net cost should be reconciled to net outlays, which should exclude financing account activity. Net outlays represent net budgetary outlays and do not include net disbursements of credit financing accounts. The change in FCRA loan receivables should not be reflected as a reconciling item due to credit programs affecting net cost and net outlays via the subsidy cost.

The analysis below illustrates this reconciliation by listing the key differences between net cost and net outlays.

- The acquisition of capital assets results in outlays, but does not result in costs. Rather, the costs are recognized over the useful lives of the assets as depreciation expense. To reconcile this difference, depreciation is a component of net operating cost, but not part of net outlays; and the acquisition of capital assets is a component of net outlays, but not part of net operating cost.
- The grant accrual results in costs, but does not result in outlays. The grant accrual consists of an estimate of grantee expenses incurred, but not yet paid by DOT which is a component of net operating costs, but not part of net outlays.
- The effects of the prior year subsidy cost re-estimate does not impact the current year net cost of operations, but is part of the net outlays in the current year to reflect the budgetary outlay to the general fund receipt account.

Although some differences presented in the reconciliation relate to amounts reported in the balance sheet and statement of net position, the amounts may not tie. Certain financial activities do not result in net operating cost, nor net outlays, and are therefore excluded from the reconciliation. For example, the purchase of investments results in a change in assets on the balance sheet, but does not result in net operating cost nor net outlays. In addition, intradepartmental transactions and balances have been eliminated from the balance sheet for presentation on a consolidated basis, however, intradepartmental transactions and balances have not been eliminated on the reconciliation for the accounts receivable and related liability and transfer activity related to credit reform upward and downward reestimates. The reciprocating elimination activity is included in the credit financing accounts which have been excluded from the reconciliation.

In FY2021 OMB Circular A-136 guidance modified the presentation of the reconciliation of net cost to net outlays but did not require the prior year presentation to be modified as well. The FY 2020 reconciliation presented below was not modified to conform to the FY2021 presentation.

NOTE 21. RECONCILIATION OF NET OPERATING COST & NET BUDGETARY OUTLAYS (CONT.)

For the year ended September 30, 2021

DOLLARS IN THOUSANDS	Intragovernmental	With the Public	Total
NET OPERATING COST (SNC)	\$ 3,088,568	\$ 99,762,135	\$ 102,850,703
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Property, Plant, and Equipment Depreciation	—	(1,356,204)	(1,356,204)
Property, Plant, and Equipment Disposal & Reevaluation	—	(158,013)	(158,013)
Cost of Goods Sold	159	(67,164)	(67,005)
Inventory Disposals Revaluations	—	13,216	13,216
Year-end Credit Reform Subsidy Re-estimates	1,241,462	—	1,241,462
Increase/(Decrease) in Assets			
Accounts Receivable, Net	792,843	9,149	801,992
Securities and Investments	(4,459)	—	(4,459)
Advances, Prepayments and Other Assets	(4,500)	1,627,039	1,622,539
(Increase)/Decrease in Liabilities not Affecting Budget Outlays:			
Accounts Payable	313,309	20,946	334,255
Environmental and Disposal Liabilities	—	11,730	11,730
Federal Employee and Veteran Benefits Payable	—	15,329	15,329
Advances From Others and Deferred Revenue	(158,764)	115,818	(42,946)
Accrued Grant Liabilities	—	(299,053)	(299,053)
Other Liabilities	(789,598)	(38,844)	(828,442)
Financing Sources			
Imputed Costs	(484,667)	—	(484,667)
Total Components of Net Operating Cost Not Part of the Budget Outlays	905,785	(106,051)	799,734
Components of the Budget Outlays That Are Not Part of Net Operating Cost			
Acquisition of Capital Assets	52,309	1,690,357	1,742,666
Acquisition of Inventory	24,307	10,038	34,345
Effect of Prior Year Credit Reform Subsidy Re-estimates	(425,775)	—	(425,775)
Financing Sources			
Donated Revenue	—	(1,272)	(1,272)
Transfers out (in) without reimbursements	(1,242,848)	—	(1,242,848)
Total Components of the Budget Outlays That Are Not Part of Net Operating Cost	(1,592,007)	1,699,123	107,116
Miscellaneous Items			
FCRA Net Cost Impact	(473,639)	476,908	3,269
Custodial/Non-exchange Revenue	(891)	(128,846)	(129,737)
Custodial/Exchange Revenue	34,262	(7,581)	26,681
Non-Entity Activity	1,242,466	—	1,242,466
Appropriated Receipts for Trust/Special Funds	379,610	—	379,610
Total Other Reconciling Items	1,181,808	340,481	1,522,289
Total Net Outlays	\$ 3,584,154	\$ 101,695,688	\$ 105,279,842
Outlays, Net			135,926,326
Distributed Offsetting Receipts			(30,646,484)
Budgetary Agency Outlays, Net			\$ 105,279,842

NOTE 21. RECONCILIATION OF NET OPERATING COST & NET BUDGETARY OUTLAYS (CONT.)

For the year ended September 30, 2020

DOLLARS IN THOUSANDS	Intragovernmental	With the Public	Total
NET OPERATING COST (SNC)	\$ 2,949,715	\$ 105,715,499	\$ 108,665,214
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Property, Plant, and Equipment Depreciation	—	(1,261,007)	(1,261,007)
Property, Plant, and Equipment and Other Assets Disposal & Reevaluation	—	(100,758)	(100,758)
Year-end Credit Reform Subsidy Re-estimates	244,087	—	244,087
Other	(1,021)	70,479	69,458
Increase/(Decrease) in Assets			
Accounts Receivable	(870,226)	(11,892)	(882,118)
Advances, Prepayments and Other Assets	(46,977)	435,861	388,884
Investments	9,631	—	9,631
(Increase)/Decrease in Liabilities not Affecting Budget Outlays:			
Accounts Payable	701	(1,015)	(314)
Federal Employee Benefits Payable	—	64,084	64,084
Environmental and Disposal Liabilities	—	144,772	144,772
Grant Accrual	—	(7,126,858)	(7,126,858)
Other Liabilities	542,812	(248,583)	294,229
Other Financing Sources			
Imputed Financing Costs Absorbed by Others	(424,364)	—	(424,364)
Other	—	(83)	(83)
Transfers out (in) Without Reimbursement	(267,570)	—	(267,570)
Total Components of Net Operating Cost Not Part of the Budget Outlays	(812,927)	(8,035,000)	(8,847,927)
Components of the Budget Outlays That Are Not Part of Net Operating Cost			
Effect of Prior Year Credit Reform Subsidy Re-estimate	(1,092,233)	—	(1,092,233)
Acquisition of Capital Assets	51,389	1,279,048	1,330,437
Acquisition of Inventory	(1)	71,572	71,571
Other	257,773	(77,814)	179,959
Total Components of the Budget Outlays That Are Not Part of Net Operating Cost	(783,072)	1,272,806	489,734
Net Outlays	<u>\$ 1,353,716</u>	<u>\$ 98,953,305</u>	<u>\$ 100,307,021</u>
Related Amounts on the Statement of Budgetary Resources			
Outlays, Net			112,108,737
Distributed Offsetting Receipts			(11,801,716)
Agency Outlays, Net			<u>\$ 100,307,021</u>

NOTE 22. FIDUCIARY ACTIVITIES

The Title XI Escrow Fund was authorized pursuant to the Merchant Marine Act of 1936, as amended. The fund was originally established to hold guaranteed loan proceeds pending construction of MARAD-approved and financed vessels.

The Act allows the deposit of additional cash security items such as reserve funds or debt reserve funds. Individual shipowners provide funds to serve as security on MARAD-guaranteed loans. Funds deposited and invested by MARAD remain the property of individual shipowners. In the event of default, MARAD will use the escrow funds to offset the shipowners' debt to the Government.

Fund investments are limited to U.S. Government securities purchased by MARAD through the Treasury.

SCHEDULE OF FIDUCIARY ACTIVITY

For the years ended September 30, 2021 and 2020

DOLLARS IN THOUSANDS	2021	2020
Fiduciary Net Assets, Beginning of Year	\$ 6,819	\$ 27,009
Contributions	3	341
Investment Earnings	(1)	—
Disbursements to and on Behalf of Beneficiaries	(4,803)	(20,531)
Increases/(Decreases) in Fiduciary Net Assets	(4,801)	(20,190)
Fiduciary Net Assets, End of Year	<u>\$ 2,018</u>	<u>\$ 6,819</u>

FIDUCIARY NET ASSETS

As of September 30, 2021 and 2020

DOLLARS IN THOUSANDS	2021	2020
Fiduciary Fund Balance with Treasury	\$ 1,061	\$ 1,061
Investments in Treasury Securities	957	5,758
Total Fiduciary Net Assets	<u>\$ 2,018</u>	<u>\$ 6,819</u>

NOTE 23. DISCLOSURE ENTITIES

Amtrak is a private, for-profit corporation under 49 U.S.C. § 24301 and District of Columbia law and is not a department, agency, or instrumentality of the federal government. Amtrak is governed by an independent Board of Directors comprised of 10 directors. The Secretary of Transportation (Secretary), who is a director by statute, and 8 of the other Amtrak directors, are appointed by the U.S. President with the advice and consent of the Senate. The President of Amtrak also is a board member and is appointed by the Board. Amtrak provides intercity passenger railroad service as a transportation alternative to highway, bus, passenger car, and airline services in certain markets, in addition to serving as a contractor in various capacities for several commuter rail agencies. Amtrak's mission is to deliver intercity transportation with superior safety, customer service, and financial excellence, which is directly tied to the statutorily defined mission of Amtrak "to provide efficient and effective intercity passenger rail mobility consisting of high quality service that is trip-time competitive with other intercity travel options and that is consistent with the goals set forth in [49 U.S.C. § 24101(c)]." 49 U.S.C. § 24101(b). As a private, for-profit organization, Amtrak does not take actions on behalf of the federal government but benefits the national economy by providing a transportation option in 46 states and the District of Columbia. Key financial indicators are revenue growth and targeted decrease in adjusted operating earnings, which are reviewed on a regular basis (monthly/quarterly/annually) and compared with the comparable period in the prior year to show trends. Amtrak publishes annual audited financial statements and monthly unaudited performance reports. These documents are available on Amtrak's website.

The federal government (through DOT) owns 100% of Amtrak's preferred stock (109,396,994 shares of \$100 par value). The Amtrak Reform and Accountability Act of 1997 changed the structure of the preferred stock by rescinding the voting rights with respect to the election of the Board of Directors and by eliminating the preferred stock's liquidation preference over the common stock (see Section 415(c), Pub. L. 105-134, 111 Stat. 2590 (December 2, 1997)). The Act also eliminated further issuance of preferred stock to the Department. Each share of preferred stock is convertible into 10 shares of common stock. Four common stockholders (private sector corporations) own 9,385,694 shares of \$10 par value common stock. The common stockholders have voting rights for "amendments to Amtrak's Articles of Incorporation proposed by the Board of Directors and for certain other extraordinary events."¹ Although Section 4.02(g) of the Amtrak Articles of Incorporation allow for the conversion of preferred stock to common stock, the government would not convert its holdings without Congressional authorization. Section 4.02(g) of the Amtrak Articles of Incorporation does not limit the timing of conversion, or require any preapprovals. Conversion is effective the business day following receipt of written notice of the holder's election to convert. The Department does not recognize the Amtrak preferred stock in its financial statements because, under the Corporation's current financial structure, the preferred shares do not have a liquidation preference over the common shares, the preferred shares do not have any voting rights, and dividends are neither declared nor in arrears. In addition to the purchase/ownership of the Amtrak preferred stock, the Department has provided funding to Amtrak, since 1972, primarily through grants and loans.

Amtrak receives grants from DOT, through the Federal Railroad Administration (FRA), that cover a portion of the corporation's annual operating expenses and capital investments. Funding provided to Amtrak through grant agreements are included in DOT's annual budget and the DOT financial statements. For the period ended September 30, 2021, net costs related to Amtrak grants were \$3.2 billion, total budgetary outlays were \$4.7 billion, and the remaining undelivered order balance for Amtrak is \$2.9 billion. For the period ended September 30, 2020, net costs related to Amtrak grants were \$2.6 billion, total budgetary outlays were \$3 billion, and the remaining undelivered order balance for Amtrak is \$1.4 billion.

In 2016, DOT entered into a loan agreement with Amtrak under the Railroad Rehabilitation and Improvement Financing (RRIF) program (2016 RRIF loan). The amount of the loan is \$2,450,000,000. The final maturity of the loan is the earlier of (a) twenty-nine (29) years from the date of the first disbursement under the financing agreement and (b) September 15, 2045. The interest rate is 2.23% and the credit risk premium, payable pro rata at each disbursement, is 5.80% or \$142,100,000. Amtrak is required to maintain funds in a dedicated debt service reserve account at amounts specified in the loan agreement. The loan shall be disbursed solely to pay directly for or to reimburse Amtrak for its prior payment of allowable costs incurred in connection with project elements.

¹ Amtrak Office of Inspector General, Governance: Quality Control Review of the Independent Audit of Amtrak's Consolidated Financial Statements for Fiscal Year Ended 2016 21 (2017)

NOTE 23. DISCLOSURE ENTITIES (CONT.)

In each fiscal year for which Amtrak draws down funds under its 2016 RRIF loan and/or makes repayments towards the loan, the Department records amounts paid out to Amtrak and amounts Amtrak repays to the Department in its financial system. The RRIF loan is accounted for in accordance with SFFAS 2 (see Note 6). As of September 30, 2021, and September 30, 2020, the undelivered order balance of the RRIF loan is \$1.9 billion and the amount disbursed is \$557 million.

In addition, to the grants and loans provided to Amtrak, the Department has possession of two long-term notes with Amtrak. The first note is for \$4 billion and matures in 2975 and, the second note is for \$1.1 billion and matures in 2082 with renewable 99-year terms. Interest is not accruing on these notes as long as the current financial structure of Amtrak remains unchanged. If the financial structure of Amtrak changes, both principal and accrued interest are due and payable. The Department does not recognize the long-term notes in its financial statements since the notes, with maturity dates of 2975 and 2082, are considered fully uncollectible due to the lengthy terms and Amtrak's history of operating losses.

In the event of an Amtrak bankruptcy, the federal government would be at risk of financial loss as a result of longstanding debt and the 2016 RRIF loan. However, such risk of loss is limited given that each of these debts are secured with real property and/or equipment. In general, the federal government's losses in a bankruptcy would be offset by the value of the collateral. The risk of loss and delay in full and timely payments due to bankruptcy are part of most credit relationships, and are not unique to the federal government/Amtrak credit relationship.

NOTE 24. COVID-19 ACTIVITY

The Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) was signed into law on March 27, 2020. DOT received \$36 billion of FY 2020 supplemental appropriations to prevent, prepare for, or respond to COVID-19. Several DOT programs received general fund appropriations in support of maintaining and continuing the operations and business needs of various transportation systems in response to the coronavirus. FTA received \$25 billion in the Transit Infrastructure Grants program to be allocated to recipients of urbanized and rural area formula funds to support capital, operating, and other expenses of public transit transportation. FAA received \$10 billion in Grants-In-Aid for Airports. FAA Airport grants can be used for airport capital expenditures and airport operating expenses such as payroll, utilities, and debt services. In addition, of the amounts previously made available from the Airport and Airway Trust Fund for operations in the Bipartisan Budget Act of 2018 (Public Law 115-123), up to \$25 million may be repurposed to prevent, prepare for, and respond to the COVID-19 public health emergency. FRA received \$1.0 billion in Grants to Amtrak to support the railroad's activities to maintain service for its passengers and support business operations. OST received \$56 million in the Essential Air Service and Rural Improvement program to support the small communities to maintain access to the national air transportation system. MARAD received \$2 million in appropriations to use in support of State Maritime Academies and the U.S. Merchant Marine Academy, and an additional \$2 million to support its Operations and Training program. The OIG received \$5 million in appropriations to use for administrative expenses to ensure the COVID-19 projects and activities were carried out as intended with CARES Act funding.

The Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) was signed into law on December 27, 2020, providing \$27 billion in supplemental general fund appropriations to several DOT programs to further the COVID-19 relief efforts. In addition, on March 11, 2021, the American Rescue Plan Act of 2021 (ARPA) was signed into law providing \$43 billion in supplemental appropriations to several DOT programs also in response to COVID-19. FTA received \$14 billion in CRRSAA funding and \$30.5 billion in ARPA funding in the Transit Infrastructure Grants program to support the nation's public transportation systems as they continue to respond to the COVID-19 pandemic and support the COVID-19 vaccination efforts. FAA received \$2 billion in CRRSAA funding in Grants-In-Aid for Airports and \$8 billion in ARPA supplemental funding for Airport Relief Grants. FHWA received \$10 billion in CRRSAA supplemental funding in the Highway Infrastructure Programs. FRA received \$1 billion and \$1.7 billion in CRRSAA and ARPA supplemental funding, respectively, in Grants to Amtrak. OST received \$3 billion in ARPA funding in the Aviation Manufacturing Jobs Protection program to provide funding to eligible businesses, to pay compensation costs for certain categories of employees resulting from a reduction in force or furlough due to the COVID-19 public health emergency.

NOTE 24. COVID-19 ACTIVITY (CONT.)

Because Grants-In-Aid for Airports is a trust fund account, budgetary concepts require that the general fund appropriation be deposited to a general fund payment account, apportioned, then transferred to an available trust fund receipt account, fully expending the appropriation. The transfer-in to the available trust fund receipt account is then recorded as an appropriated receipt, apportioned, and available for obligation.

The classification of funds from dedicated collections is made by individual fund. In this case, the general fund payment account is classified as all other funds because its funding comes from general fund appropriations. Whereas, Grants-in-Aid for Airports is classified as funds from dedicated collections. In situations where there is a mixed source of funding, which is the case with Grants-in-Aid for Airports, the classification is based on the predominant source of funding. Even though the appropriated receipt for COVID-19 activity originates from general fund appropriations, the long-term expectation is that the predominant source of funding for Grants-in-Aid for Airports comes from aviation excise taxes, which are non-federal sources to be used for designated purposes.

The below financial information provides the asset, liabilities, net costs, revenue, net position, and budgetary resources of the DOT programs that received COVID-19 funding as of September 30, 2021 and 2020. This note is presented on a combined basis. The combined presentation does not eliminate intra-entity balances or transactions. Fund Balance with Treasury, grant accruals, and excise tax revenue (nonexchange) were significantly impacted by the COVID-19 funding. See Notes 2, 13, and 18.

NOTE 24. COVID-19 ACTIVITY (CONT.)

DOLLARS IN THOUSANDS	FTA	FAA	FHWA	FRA	OST	MARAD	OIG	Fiscal Year 2021 Total Programs and Activities
BALANCE SHEET								
<i>As of September 30, 2021</i>								
Assets								
Fund Balance with Treasury	\$ 44,366,307	\$ 11,645,351	\$ 8,075,010	\$ 3,015	\$ 2,817,914	\$ 356	\$ 4,574	\$ 66,912,527
Advances and Prepayments	-	2,030	-	1,015	42	-	-	3,087
Total Intragovernmental	44,366,307	11,647,381	8,075,010	4,030	2,817,956	356	4,574	66,915,614
Accounts Receivable, Net	27	82	-	-	-	-	-	109
Advances, Prepayments, and Other Assets	-	-	-	1,276,801	158,635	-	-	1,435,436
Total with the Public	27	82	-	1,276,801	158,635	-	-	1,435,545
Total Assets	\$ 44,366,334	\$ 11,647,463	\$ 8,075,010	\$ 1,280,831	\$ 2,976,591	\$ 356	\$ 4,574	\$ 68,351,159
Liabilities and Net Position								
Intragovernmental								
Other Liabilities	\$ 19	\$ 8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27
Total Intragovernmental	19	8	-	-	-	-	-	27
Accounts Payable	-	186	-	-	603	-	-	789
Federal Employee and Benefits Payable	210	52	-	-	-	-	-	262
Grant Accrual	1,077,874	6,438,992	443,950	-	-	-	-	7,960,816
Other Liabilities	12	23	-	-	-	-	-	35
Total with the Public	1,078,096	6,439,253	443,950	-	603	-	-	7,961,902
Total Liabilities	\$ 1,078,115	\$ 6,439,261	\$ 443,950	\$ -	\$ 603	\$ -	\$ -	\$ 7,961,929
Unexpended Appropriations - Funds From Dedicated Collections	-	-	-	-	1,451	-	-	1,451
Unexpended Appropriations - Funds from Other than Dedicated Collections	43,288,417	4,838,873	7,631,060	1,280,831	2,970,537	356	4,574	60,014,648
Cumulative Results of Operations - Funds From Dedicated Collections	-	368,363	-	-	-	-	-	368,363
Cumulative Results of Operations - Funds from Other than Dedicated Collections	(198)	966	-	-	4,000	-	-	4,768
Total Net Position	43,288,219	5,208,202	7,631,060	1,280,831	2,975,988	356	4,574	60,389,230
Total Liabilities and Net Position	\$ 44,366,334	\$ 11,647,463	\$ 8,075,010	\$ 1,280,831	\$ 2,976,591	\$ 356	\$ 4,574	\$ 68,351,159
STATEMENT OF NET COST								
<i>For the period ended September 30, 2021</i>								
Program Costs	\$ 12,160,227	\$ 7,300,507	\$ 2,368,940	\$ 1,521,237	\$ 107,423	\$ 444	\$ 344	\$ 23,459,122
Net Cost of Operations	\$ 12,160,227	\$ 7,300,507	\$ 2,368,940	\$ 1,521,237	\$ 107,423	\$ 444	\$ 344	\$ 23,459,122

NOTE 24. COVID-19 ACTIVITY (CONT.)

DOLLARS IN THOUSANDS	FTA	FAA	FHWA	FRA	OST	MARAD	OIG	Fiscal Year 2021 Total Programs and Activities
STATEMENT OF CHANGES IN NET POSITION <i>For the period ended September 30, 2021</i>								
Unexpended Appropriations								
Beginning Balance (Funds from Dedicated Collections)	\$ -	\$ -	\$ -	\$ -	\$ 56,000	\$ -	\$ -	\$ 56,000
Beginning Balance (Funds from Other than Dedicated Collections)	10,986,944	-	-	102,068	79	800	4,918	11,094,809
Appropriations Received (Funds from Dedicated Collections)	-	-	-	-	-	-	-	-
Appropriations Received (Funds from Other than Dedicated Collections)	44,461,355	10,009,000	10,000,000	2,700,000	3,023,332	-	-	70,193,687
Appropriations Used (Funds from Dedicated Collections)	-	-	-	-	(54,549)	-	-	(54,549)
Appropriations Used (Funds from Other than Dedicated Collections)	(12,159,882)	(5,170,127)	(2,368,940)	(1,521,237)	(52,874)	(444)	(344)	(21,273,848)
Total Unexpended Appropriations (Funds from Dedicated Collections)	-	-	-	-	1,451	-	-	1,451
Total Unexpended Appropriations (Funds from Other than Dedicated Collections)	43,288,417	4,838,873	7,631,060	1,280,831	2,970,537	356	4,574	60,014,648
Total Unexpended Appropriations - Ending	\$ 43,288,417	\$ 4,838,873	\$ 7,631,060	\$ 1,280,831	\$ 2,971,988	\$ 356	\$ 4,574	\$ 60,016,099
Cumulative Results of Operations								
Beginning Balance (Funds from Dedicated Collections)	-	2,503,690	-	-	-	-	-	2,503,690
Beginning Balance (Funds from Other than Dedicated Collections)	(19)	-	-	-	-	-	-	(19)
Appropriations Used (Funds from Dedicated Collections)	-	-	-	-	54,549	-	-	54,549
Appropriations Used (Funds from Other than Dedicated Collections)	12,159,882	5,170,127	2,368,940	1,521,237	52,874	444	344	21,273,848
Transfers-in/(out) Without Reimbursement (Funds from Dedicated Collections)	-	(1)	-	-	-	-	-	(1)
Transfers-in/(out) Without Reimbursement (Funds from Other than Dedicated Collections)	-	(4,000)	-	-	4,000	-	-	-
Imputed Financing (Funds from Dedicated Collections)	-	20	-	-	-	-	-	20
Imputed Financing (Funds from Other than Dedicated Collections)	166	-	-	-	-	-	-	166
Total (Funds From Dedicated Collections)	-	2,503,709	-	-	54,549	-	-	2,558,258
Total (Funds from Other than Dedicated Collections)	12,160,029	5,166,127	2,368,940	1,521,237	56,874	444	344	21,273,995
Net Cost of Operations (Funds from Dedicated Collections)	-	2,135,346	-	-	54,549	-	-	2,189,895
Net Cost of Operations (Funds from Other than Dedicated Collections)	12,160,227	5,165,161	2,368,940	1,521,237	52,874	444	344	21,269,227
Cumulative Results of Operations (Funds from Dedicated Collections)	-	368,363	-	-	-	-	-	368,363

NOTE 24. COVID-19 ACTIVITY (CONT.)

DOLLARS IN THOUSANDS	FTA	FAA	FHWA	FRA	OST	MARAD	OIG	Fiscal Year 2021 Total Programs and Activities
Cumulative Results of Operations (Funds from Other than Dedicated Collections)	(198)	966	-	-	4,000	-	-	4,768
Total Cumulative Results of Operations - Ending	\$ (198)	\$ 369,329	\$ -	\$ -	\$ 4,000	\$ -	\$ -	\$ 373,131
Total Net Position End of Period (Funds from Dedicated Collections)	-	368,363	-	-	1,451	-	-	369,814
Total Net Position End of Period (Funds from Other than Dedicated Collections)	43,288,219	4,839,839	7,631,060	1,280,831	2,974,537	356	4,574	60,019,416
Total Net Position	\$ 43,288,219	\$ 5,208,202	\$ 7,631,060	\$ 1,280,831	\$ 2,975,988	\$ 356	\$ 4,574	\$ 60,389,230
COMBINED STATEMENTS OF BUDGETARY RESOURCES								
<i>For the period ended September 30, 2021</i>								
Budgetary resources								
Unobligated Balance From Prior Year Budget Authority, Net	\$ 1,811,782	\$ 725,172	\$ -	\$ 30	\$ 56,000	\$ 324	\$ 4,918	\$ 2,598,226
Appropriations	44,461,356	12,009,000	10,000,000	2,700,000	3,023,332	-	-	72,193,688
Spending Authority From Offsetting Collections	-	-	-	-	4,000	-	-	4,000
Total Budgetary Resources	\$ 46,273,138	\$ 12,734,172	\$ 10,000,000	\$ 2,700,030	\$ 3,083,332	\$ 324	\$ 4,918	\$ 74,795,914
Status of Budgetary Resources								
New Obligations and Upward Adjustments	\$ 16,337,089	\$ 8,853,630	\$ 4,274,192	\$ 2,698,030	\$ 496,700	\$ 34	\$ 344	\$ 32,660,019
Unobligated Balance, End of Year								
Apportioned Unexpired Accounts	29,932,005	3,880,542	5,725,808	2,000	2,586,632	290	4,574	42,131,851
Unapportioned Unexpired Accounts	4,044	-	-	-	-	-	-	4,044
Unobligated Balance, End of Year	29,936,049	3,880,542	5,725,808	2,000	2,586,632	290	4,574	42,135,895
Total Budgetary Resources	\$ 46,273,138	\$ 12,734,172	\$ 10,000,000	\$ 2,700,030	\$ 3,083,332	\$ 324	\$ 4,918	\$ 74,795,914
Outlays, Net								
Outlays, Net (total)	\$ 13,129,381	\$ 7,232,602	\$ 1,924,990	\$ 2,697,015	\$ 261,418	\$ 444	\$ 344	\$ 25,246,194
Distributed Offsetting Receipts	-	(2,000,000)	-	-	-	-	-	(2,000,000)
Agency Outlays, Net	\$ 13,129,381	\$ 5,232,602	\$ 1,924,990	\$ 2,697,015	\$ 261,418	\$ 444	\$ 344	\$ 23,246,194

NOTE 24. COVID-19 ACTIVITY (CONT.)

DOLLARS IN THOUSANDS	FTA	FAA	FHWA	FRA	OST	MARAD	OIG	Fiscal Year 2020 Total Programs and Activities
BALANCE SHEET								
<i>As of September 30, 2020</i>								
Assets								
Intragovernmental								
Fund Balance with Treasury	\$ 13,034,332	\$ 6,868,828	\$ -	\$ 30	\$ 56,000	\$ 800	\$ 4,918	\$ 19,964,908
Accounts Receivable, Net	-	1,500	-	-	-	-	-	1,500
Advances and Prepayments	-	2,699	-	-	79	-	-	2,778
Total Intragovernmental	13,034,332	6,873,027	-	30	56,079	800	4,918	19,969,186
Accounts Receivable, Net	-	-	-	-	-	-	-	-
Advances, Prepayments, and Other Assets	-	-	-	102,038	-	-	-	102,038
Total with the Public	-	-	-	102,038	-	-	-	102,038
Total Assets	\$ 13,034,332	\$ 6,873,027	\$ -	\$ 102,068	\$ 56,079	\$ 800	\$ 4,918	\$ 20,071,224
Liabilities and Net Position								
Intragovernmental								
Other Liabilities	\$ 8	\$ 9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17
Total Intragovernmental	8	9	-	-	-	-	-	17
Accounts Payable	-	141	-	-	-	-	-	141
Federal Employee and Benefits Payable	19	47	-	-	-	-	-	66
Grant Accrual	2,047,354	4,369,120	-	-	-	-	-	6,416,474
Other Liabilities	27	20	-	-	-	-	-	47
Total with the Public	2,047,400	4,369,328	-	-	-	-	-	6,416,728
Total Liabilities	\$ 2,047,408	\$ 4,369,337	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,416,745
Unexpended Appropriations - Funds From Dedicated Collections	-	-	-	-	56,000	-	-	56,000
Unexpended Appropriations - Funds from Other than Dedicated Collections	10,986,943	-	-	102,068	79	800	4,918	11,094,808
Cumulative Results of Operations - Funds From Dedicated Collections	-	2,503,690	-	-	-	-	-	2,503,690
Cumulative Results of Operations - Funds from Other than Dedicated Collections	(19)	-	-	-	-	-	-	(19)
Total Net Position	10,986,924	2,503,690	-	102,068	56,079	800	4,918	13,654,479
Total Liabilities and Net Position	\$ 13,034,332	\$ 6,873,027	\$ -	\$ 102,068	\$ 56,079	\$ 800	\$ 4,918	\$ 20,071,224
STATEMENT OF NET COST								
<i>For the period ended September 30, 2020</i>								
Program Costs	\$ 14,013,092	\$ 7,520,994	\$ -	\$ 916,182	\$ 1,674	\$ 3,334	\$ 82	\$ 22,455,358
Net Cost of Operations	\$ 14,013,092	\$ 7,520,994	\$ -	\$ 916,182	\$ 1,674	\$ 3,334	\$ 82	\$ 22,455,358

NOTE 24. COVID-19 ACTIVITY (CONT.)

DOLLARS IN THOUSANDS	FTA	FAA	FHWA	FRA	OST	MARAD	OIG	Fiscal Year 2020 Total Programs and Activities
STATEMENT OF CHANGES IN NET POSITION <i>For the period ended September 30, 2020</i>								
Unexpended Appropriations								
Appropriations Received (Funds from Dedicated Collections)	\$ -	\$ -	\$ -	\$ -	\$ 56,000	\$ -	\$ -	\$ 56,000
Appropriations Received (Funds from Other than Dedicated Collections)	25,000,000	10,000,000	-	1,018,250	1,753	4,134	5,000	36,029,137
Appropriations Used (Funds from Other than Dedicated Collections)	(14,013,056)	(10,000,000)	-	(916,182)	(1,674)	(3,334)	(82)	(24,934,328)
Total Unexpended Appropriations (Funds from Dedicated Collections)	-	-	-	-	56,000	-	-	56,000
Total Unexpended Appropriations (Funds from Other than Dedicated Collections)	10,986,944	-	-	102,068	79	800	4,918	11,094,809
Total Unexpended Appropriations	\$ 10,986,944	\$ -	\$ -	\$ 102,068	\$ 56,079	\$ 800	\$ 4,918	\$ 11,150,809
Cumulative Results of Operations								
Beginning Balance (Funds from Dedicated Collections)	-	25,000	-	-	-	-	-	25,000
Appropriations Used (Funds from Other than Dedicated Collections)	14,013,056	10,000,000	-	916,182	1,674	3,334	82	24,934,328
Transfers-in/(out) Without Reimbursement (Funds from Dedicated Collections)	-	9,999,674	-	-	-	-	-	9,999,674
Transfers-in/(out) Without Reimbursement (Funds from Other than Dedicated Collections)	-	(10,000,000)	-	-	-	-	-	(10,000,000)
Imputed Financing (Funds from Dedicated Collections)	-	10	-	-	-	-	-	10
Imputed Financing (Funds from Other than Dedicated Collections)	17	-	-	-	-	-	-	17
Total (Funds From Dedicated Collections)	-	10,024,684	-	-	-	-	-	10,024,684
Total (Funds from Other than Dedicated Collections)	14,013,073	-	-	916,182	1,674	3,334	82	14,934,345
Net Cost of Operations (Funds from Dedicated Collections)	-	7,520,994	-	-	-	-	-	7,520,994
Net Cost of Operations (Funds from Other than Dedicated Collections)	14,013,092	-	-	916,182	1,674	3,334	82	14,934,364
Cumulative Results of Operations (Funds from Dedicated Collections)	-	2,503,690	-	-	-	-	-	2,503,690

NOTE 24. COVID-19 ACTIVITY (CONT.)

DOLLARS IN THOUSANDS	FTA	FAA	FHWA	FRA	OST	MARAD	OIG	Fiscal Year 2020 Total Programs and Activities
Cumulative Results of Operations (Funds from Other than Dedicated Collections)	(19)	-	-	-	-	-	-	(19)
Total Cumulative Results of Operations	(19)	2,503,690	-	-	-	-	-	2,503,671
Total Net Position End of Period (Funds from Dedicated Collections)	-	2,503,690	-	-	56,000	-	-	2,559,690
Total Net Position End of Period (Funds from Other than Dedicated Collections)	10,986,925	-	-	102,068	79	800	4,918	11,094,790
Total Net Position	<u>\$ 10,986,925</u>	<u>\$ 2,503,690</u>	<u>\$ -</u>	<u>\$ 102,068</u>	<u>\$ 56,079</u>	<u>\$ 800</u>	<u>\$ 4,918</u>	<u>\$ 13,654,480</u>
COMBINED STATEMENTS OF BUDGETARY RESOURCES								
<i>For the period ended September 30, 2020</i>								
Budgetary Resources								
Unobligated Balance From Prior Year Budget Authority, Net	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000
Appropriations	25,000,000	20,000,000	-	1,018,250	57,753	4,134	5,000	46,085,137
Total Budgetary Resources	<u>\$ 25,000,000</u>	<u>\$ 20,025,000</u>	<u>\$ -</u>	<u>\$ 1,018,250</u>	<u>\$ 57,753</u>	<u>\$ 4,134</u>	<u>\$ 5,000</u>	<u>\$ 46,110,137</u>
Status of budgetary resources								
New Obligations and Upward Adjustments	\$ 23,302,262	\$ 19,383,133	\$ -	\$ 1,018,220	\$ 1,753	\$ 4,041	\$ 82	\$ 43,709,491
Unobligated Balance, End of Year								
Apportioned Unexpired Accounts	1,697,738	641,867	-	30	56,000	93	4,918	2,400,646
Unobligated Balance, End of Year	1,697,738	641,867	-	30	56,000	93	4,918	2,400,646
Total Budgetary Resources	<u>\$ 25,000,000</u>	<u>\$ 20,025,000</u>	<u>\$ -</u>	<u>\$ 1,018,250</u>	<u>\$ 57,753</u>	<u>\$ 4,134</u>	<u>\$ 5,000</u>	<u>\$ 46,110,137</u>
Outlays, net								
Outlays, Net (total)	\$ 11,965,668	\$ 13,131,171	\$ -	\$ 1,018,220	\$ 1,505	\$ 3,334	\$ 82	\$ 26,119,980
Distributed Offsetting Receipts	-	(10,000,000)	-	-	-	-	-	(10,000,000)
Agency Outlays, Net	<u>\$ 11,965,668</u>	<u>\$ 3,131,171</u>	<u>\$ -</u>	<u>\$ 1,018,220</u>	<u>\$ 1,505</u>	<u>\$ 3,334</u>	<u>\$ 82</u>	<u>\$ 16,119,980</u>

NOTE 25. RECLASSIFICATION OF BALANCE SHEET, STATEMENT OF NET COST, & STATEMENT OF CHANGES IN NET POSITION FOR FR COMPILATION PROCESS

To prepare the Financial Report of the U.S. Government (FR), the Department of the Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by U.S. Standard General Ledger account that appear in the financial statements. Treasury uses the trial balance information reported in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Balance Sheet, Reclassified Statement of Net Cost, and a Reclassified Statement of Changes in Net Position for each agency, which are accessed using GTAS. Treasury eliminates all intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the FR statements. This note shows the DOT financial statements and the DOT reclassified statements prior to elimination of intragovernmental balances and prior to aggregation of repeated FR line items. A copy of the 2020 FR can be found here: <https://www.fiscal.treasury.gov/reports-statements/> and a copy of the 2021 FR will be posted to this site as soon as it is released.

The term “intragovernmental” is used in this note to refer to the amounts that result from other components of the Federal Government. The term “non-Federal” is used in this note to refer to Federal Government amounts that result from transactions with non-Federal entities. These include transactions with individuals, businesses, non-profit entities, and State, local, and foreign governments.

FY 2021 U.S. DOT BALANCE SHEET		LINE ITEMS USED TO PREPARE FY 2021 GOVERNMENT-WIDE BALANCE SHEET					
Financial Statement Line	Amounts	Dedicated Collections Combined	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations Between Dedicated Collections and All Other	Total	Reclassified Financial Statement Line
ASSETS							ASSETS
Intragovernmental Assets							Intragovernmental Assets
Fund Balance with Treasury	\$ 114,363,099	\$ 11,962,727	\$ -	\$ 102,400,372	\$ -	\$ 114,363,099	Fund Balance with Treasury
Investments, Net		30,207,470	-	-	-	30,207,470	Federal Investments
	30,264,917	57,447	-	-	-	57,447	Interest Receivable – Investments
<i>Total Investments, Net</i>	30,264,917	30,264,917	-	-	-	30,264,917	<i>Total Reclassified Investments, Net</i>
Accounts Receivable	88,926	29,056	(1,737)	260,072	(211,465)	75,926	Accounts Receivable
		74,652,838	(74,639,838)	-	-	13,000	Transfers Receivable
		14,528	-	-	(14,528)	-	Asset for Agency Custodial and Non-Entity Liabilities – Other than the General Fund
<i>Total Accounts Receivable</i>	88,926	74,696,422	(74,641,575)	260,072	(225,993)	88,926	<i>Total Reclassified Accounts Receivable</i>
Advances and Prepayments	18,929	351,776	(29,577)	17,820	(321,090)	18,929	Advances to Others and Prepayments
Total Intragovernmental Assets	144,735,871	117,275,842	(74,671,152)	102,678,264	(547,083)	144,735,871	Total Intragovernmental Assets
With the Public							With the Public
Accounts Receivable, Net	104,738	49,594	-	55,144	-	104,738	Accounts Receivable, Net
Loans Receivable, Net	15,245,491	-	-	15,245,491	-	15,245,491	Loans Receivable, Net

NOTE 25. RECLASSIFICATION OF BALANCE SHEET, STATEMENT OF NET COST, & STATEMENT OF CHANGES IN NET POSITION FOR FR COMPILATION PROCESS (CONT.)

FY 2021 U.S. DOT BALANCE SHEET		LINE ITEMS USED TO PREPARE FY 2021 GOVERNMENT-WIDE BALANCE SHEET					
Financial Statement Line	Amounts	Dedicated Collections Combined	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations Between Dedicated Collections and All Other	Total	Reclassified Financial Statement Line
Inventory and Related Property, Net	1,037,990	-	-	1,037,990	-	1,037,990	Inventory and Related Property, Net
General Property & Equipment, Net	12,711,237	3,309,721	-	9,401,516	-	12,711,237	General Property Plant & Equipment, Net
Advances and Prepayments	2,981,814	1,743	-	2,980,071	-	2,981,814	Advances to Others and Prepayments
Total Assets With the Public	32,081,270	3,361,058	-	28,720,212	-	32,081,270	Total Assets With the Public
Total Assets	176,817,141	120,636,900	(74,671,152)	131,398,476	(547,083)	176,817,141	Total Assets
LIABILITIES							
Intragovernmental							
Accounts Payable	12,887	216,047	(169)	4,842	(207,833)	12,887	Accounts Payable
		74,639,838	(74,639,838)	-	-	-	Transfers Payable
		74,855,885	(74,640,007)	4,842	(207,833)	12,887	Total Reclassified Accounts Payable
Debt	15,065,013	-	-	15,065,013	-	15,065,013	Loans Payable
		-	-	15,065,013	-	15,065,013	Total Reclassified Debt Associated with Loans
Advances from Others and Deferred Revenue	674,370	299,584	(30,969)	729,938	(324,183)	674,370	Advances from Others and Deferred Revenue
Other	1,560,552	251,223	-	13,016	-	264,239	Benefit Program Contributions Payable
		-	-	14,528	(14,528)	-	Liability to Agency Other Than the General Fund of the U.S. Government for Custodial and Non-Entity Assets
		(2)	-	1,232,670	-	1,232,668	Liability to the General Fund for Custodial and Other Non-Entity Assets
		56,254	-	7,391	-	63,645	Other liabilities
Total Other – Intragovernmental Liabilities	1,560,552	307,475	-	1,267,605	(14,528)	1,560,552	Total Reclassified Other – Miscellaneous Liabilities
Total Intragovernmental Liabilities	17,312,822	75,462,944	(74,670,976)	17,067,398	(546,544)	17,312,822	Total Intragovernmental Liabilities

NOTE 25. RECLASSIFICATION OF BALANCE SHEET, STATEMENT OF NET COST, & STATEMENT OF CHANGES IN NET POSITION FOR FR COMPILATION PROCESS (CONT.)

FY 2021 U.S. DOT BALANCE SHEET		LINE ITEMS USED TO PREPARE FY 2021 GOVERNMENT-WIDE BALANCE SHEET					
Financial Statement Line	Amounts	Dedicated Collections Combined	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations Between Dedicated Collections and All Other	Total	Reclassified Financial Statement Line
With the Public							With the Public
Accounts Payable	565,931	452,992	-	112,939	-	565,931	Accounts Payable
Loan Guarantee Liabilities	145,644	-	-	145,644	-	145,644	Loan Guarantee Liabilities
Federal Employee Benefits Payable	1,495,873	1,400,635	-	95,238	-	1,495,873	Federal Employee and Veteran Benefits Payable
Environmental and Disposal Liabilities	864,883	-	-	864,883	-	864,883	Environmental and Disposal Liabilities
Advances from Others and Deferred Revenue	279,028	255,799	-	23,229	-	279,028	Advances from Others and Deferred Revenue
Other Liabilities							
Accrued Grant Liabilities	16,091,015	9,631,218	-	6,459,797	-	16,091,015	Other liabilities
Other	546,751	403,570	-	143,181	-	546,751	Other liabilities
<i>Total Other Liabilities</i>	16,637,766	10,034,788		6,602,978		16,637,766	<i>Total Reclassified Miscellaneous Liabilities</i>
Total Liabilities with the Public	19,989,125	12,144,214	-	7,844,911	-	19,989,125	Total Liabilities with the Public
Total Liabilities	\$ 37,301,947	\$ 87,607,158	\$ (74,670,976)	\$ 24,912,309	\$ (546,544)	\$ 37,301,947	Total Liabilities
NET POSITION							
Unexpended Appropriations – Funds from Dedicated Collections (Combined)	\$ 719,382	\$ 719,382	\$ -	\$ -	\$ -	\$ 719,382	Net Position – Funds from Dedicated Collections
Unexpended Appropriations – All Other Funds (Combined)	95,377,129	-	-	95,377,129	-	95,377,129	Net Position – Funds Other than those from Dedicated Collections
Cumulative Results of Operations – Funds from Dedicated Collections (Combined)	32,310,357	32,310,357	-	-	-	32,310,357	Net Position – Funds from Dedicated Collections
Cumulative Results of Operations – All Other Funds (Combined)	11,108,326	-	-	11,108,326	-	11,108,326	Net Position – Funds Other than those from Dedicated Collections
Total Net Position	139,515,194	33,029,739	-	106,485,455	-	139,515,194	Total Net Position
Total Liabilities & Net Position	\$ 176,817,141	\$ 120,636,897	\$ (74,670,976)	\$ 131,397,764	\$ (546,544)	\$ 176,817,141	Total Liabilities & Net Position

NOTE 25. RECLASSIFICATION OF BALANCE SHEET, STATEMENT OF NET COST, & STATEMENT OF CHANGES IN NET POSITION FOR FR COMPILATION PROCESS (CONT.)

FY 2021 U.S. DOT STATEMENT OF NET COST		LINE ITEMS USED TO PREPARE FY 2021 GOVERNMENT-WIDE STATEMENT OF NET COST					
Financial Statement Line	Amounts	Dedicated Collections Combined	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations Between Dedicated Collections and All Other	Total	Reclassified Financial Statement Line
Gross Costs	\$ 104,922,406						<i>Non-Federal Costs</i>
		\$ 67,683,060	\$ -	\$ 33,054,246	\$ -	\$ 100,737,306	Non-Federal Gross Cost
		67,683,060	-	33,054,246	-	100,737,306	Total Non-Federal Costs
							<i>Intragovernmental Costs</i>
		1,929,015	-	167,199	-	2,096,214	Benefit Program Costs
		421,398	-	63,269	-	484,667	Imputed Costs
		1,054,863	(14,816)	91,749	(556,923)	574,873	Buy/Sell Costs
		75,197	(735)	550	(44,897)	30,115	Purchase of Assets
		413	-	552,994	-	553,407	Borrowing and Other Interest Expense
		429,121	-	46,818	-	475,939	Other Expenses (w/o Reciprocals)
		(75,197)	735	(550)	44,897	(30,115)	Purchase of Assets Offset
		3,834,810	(14,816)	922,029	(556,923)	4,185,100	Total Intragovernmental Costs
<i>Total Gross Costs</i>	104,922,406	71,517,870	(14,816)	33,976,275	(556,923)	104,922,406	Total Reclassified Gross Costs
Earned Revenue	2,071,703	415,887	-	559,285	-	975,172	Non-Federal Earned Revenue
							<i>Intragovernmental Revenue</i>
		328,562	(16,081)	1,282,735	(593,290)	1,001,926	Buy/Sell Revenue
		15,249	-	-	-	15,249	Federal Securities Interest Revenue Including Associated Gains/Losses (Exchange)
		1	-	79,355	-	79,356	Borrowing and Other Interest Revenue
		343,812	(16,081)	1,362,090	(593,290)	1,096,531	Total Intragovernmental Earned Revenue
<i>Total Earned Revenue</i>	2,071,703	759,699	(16,081)	1,921,375	(593,290)	2,071,703	Total Reclassified Earned Revenue
Net Cost of Operations	\$ 102,850,703	\$ 70,758,171	\$ 1,265	\$ 32,054,900	\$ 36,367	\$ 102,850,703	Net Cost of Operations

NOTE 25. RECLASSIFICATION OF BALANCE SHEET, STATEMENT OF NET COST, & STATEMENT OF CHANGES IN NET POSITION FOR FR COMPILATION PROCESS (CONT.)

FY 2021 U.S. DOT STATEMENT OF NET COST		LINE ITEMS USED TO PREPARE FY 2021 GOVERNMENT-WIDE STATEMENT OF NET COST					
Financial Statement Line	Amounts	Dedicated Collections Combined	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations Between Dedicated Collections and All Other	Total	Reclassified Financial Statement Line
Exchange Statement of Custodial Activity							
Exchange Custodial Collections from Note on Custodial Collections	15,100	-	-	13,222	-	13,222	Non-Federal Earned Revenue
		-	-	1,878	-	1,878	Buy/Sell Revenue (Federal)
<i>Total Exchange Custodial Collections</i>	15,100	-	-	15,100	-	15,100	<i>Total Reclassified Exchange Custodial Collections</i>
Disposition of Exchange Custodial Collections from Note on Custodial Collections	(15,100)	-	-	(15,100)	-	(15,100)	Reclassified Disposition of Custodial Collections

NOTE 25. RECLASSIFICATION OF BALANCE SHEET, STATEMENT OF NET COST, & STATEMENT OF CHANGES IN NET POSITION FOR FR COMPILATION PROCESS (CONT.)

FY 2021 U.S. DOT STATEMENT OF CHANGES IN NET POSITION		LINE ITEMS USED TO PREPARE FY 2021 GOVERNMENT-WIDE STATEMENT OF CHANGES IN NET POSITION					
Financial Statement Line	Amounts	Dedicated Collections Combined	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations Between Dedicated Collections and All Other	Total	Reclassified Financial Statement Line
UNEXPENDED APPROPRIATIONS							
Unexpended Appropriations, Beginning Balance	\$ 45,814,162	\$ 489,609	\$ -	\$ 45,324,553	\$ -	\$ 45,814,162	Net Position, Beginning of Period
Appropriations Received	110,128,932	483,500	-	109,645,432	-	110,128,932	Appropriations Received as Adjusted
Appropriations Transferred In/Out	10,000	-	-	10,000	-	10,000	Non-Expenditure Transfers-In of Unexpended Appropriations
<i>Total Appropriations Transferred In/Out</i>	10,000	-	-	10,000	-	10,000	<i>Total Reclassified Appropriations Transferred In/Out</i>
Other Adjustments	(539,719)	(50,235)	-	(489,484)	-	(539,719)	Appropriations Received as Adjusted
Appropriations Used	(59,316,864)	(203,492)	-	(59,113,372)	-	(59,316,864)	Appropriations Used (Federal)
Total Unexpended Appropriations: Ending	\$ 96,096,511	\$ 719,382	\$ -	\$ 95,377,129	\$ -	\$ 96,096,511	Total Unexpended Appropriations
CUMULATIVE RESULTS OF OPERATIONS							
Cumulative Results, Beginning Balance	35,608,737	24,367,243	-	11,241,494	-	35,608,737	Net Position, Beginning of Period
Other Adjustments	(64)	-	-	(64)	-	(64)	Revenue and Other Financing Sources - Cancellations
Appropriations Used	59,316,864	203,492	-	59,113,372	-	59,316,864	Appropriation Expended (Federal)

NOTE 25. RECLASSIFICATION OF BALANCE SHEET, STATEMENT OF NET COST, & STATEMENT OF CHANGES IN NET POSITION FOR FR COMPILATION PROCESS (CONT.)

FY 2021 U.S. DOT STATEMENT OF CHANGES IN NET POSITION		LINE ITEMS USED TO PREPARE FY 2021 GOVERNMENT-WIDE STATEMENT OF CHANGES IN NET POSITION					
Financial Statement Line	Amounts	Dedicated Collections Combined	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations Between Dedicated Collections and All Other	Total	Reclassified Financial Statement Line
Non-Exchange Revenue	52,004,794						Non-Federal Non-Exchange Revenues
		71,345	-	1,224	-	72,569	Other Taxes and Receipts
		71,345	-	-	-	72,569	Total Non-Federal Non-Exchange Revenues
							Federal Non-Exchange Revenue
		290,059	-	-	-	290,059	Federal Securities Interest Revenue
		1,340	-	-	-	1,340	Borrowings and Other Interest Revenue
		104,377	-	-	-	104,377	Collections Transferred to a Treasury Account Symbol (TAS) Other Than the General Fund of the U.S. Government
		(5,271)	-	-	-	(5,271)	Accrual for Entity Amounts to be Collected in a TAS Other Than the General Fund
		51,541,720	-	-	-	51,541,720	Other Taxes and Receipts
		51,932,225	-	1,224	-	51,932,225	Total Federal Non-Exchange Revenue
<i>Total Non-Exchange Revenue</i>	52,004,794	52,003,570	-	1,224	-	52,004,794	<i>Total Reclassified Non-Exchange Revenues</i>
Donations and Forfeitures of Cash/ Cash Equivalents	1,272	1,272	-	-	-	1,272	Donations and Forfeitures of Cash/ Cash Equivalents)

NOTE 25. RECLASSIFICATION OF BALANCE SHEET, STATEMENT OF NET COST, & STATEMENT OF CHANGES IN NET POSITION FOR FR COMPILATION PROCESS (CONT.)

FY 2021 U.S. DOT STATEMENT OF CHANGES IN NET POSITION		LINE ITEMS USED TO PREPARE FY 2021 GOVERNMENT-WIDE STATEMENT OF CHANGES IN NET POSITION					
Financial Statement Line	Amounts	Dedicated Collections Combined	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations Between Dedicated Collections and All Other	Total	Reclassified Financial Statement Line
Transfers-In/Out w/o Reimbursement	38,209	151,082	(151,082)	-	-	-	Appropriation of Unavailable Special/ Trust Fund Receipts Transfers-In
		(151,082)	151,082	-	-	-	Appropriation of Unavailable Special/ Trust Fund Receipts Transfers-Out
		79,657,578	(79,634,578)	1,606	(1,607)	22,999	Non-Expenditure Transfers-In of Financing Sources
		(79,636,446)	79,634,578	-	1,607	(261)	Non-Expenditure Transfers-Out of Financing Sources
		38,521,922	(10,542,270)	14,099	(27,993,610)	141	Expenditure Transfers-In of Financing Sources
		(10,552,270)	10,542,270	(30,379,610)	30,389,610	-	Expenditure Transfers-Out of Financing Sources
		(63,920)	140,401	840,494	(901,417)	15,558	Transfers-In w/o Reimbursement
		(790,692)	(68,442)	(98,248)	957,154	(228)	Transfers-Out w/o Reimbursement
		27,136,172	71,959	(29,621,659)	2,451,737	38,209	Total Reclassified Transfers-In/Out w/o Reimbursement
Donations and Forfeitures of Property	25,703	-	-	25,703	-	25,703	Donations and Forfeitures of Pro
Imputed Financing	484,667	421,398	-	63,269	-	484,667	Imputed Financing Sources (Federal)
Other	(1,210,796)	-	-	(460,442)	-	(460,442)	Non-Entity Collections Transferred to the General Fund
		-	-	(783,631)	-	(783,631)	Accrual for Non-Entity Amounts to be Collected and Transferred to the General Fund
		(1,097,680)	-	1,097,680	-	-	Borrowings and Other Interest Revenue (Non-exchange)
		33,061	-	216	-	33,277	Other Taxes and Receipts
Total Other	(1,210,796)	(1,064,619)	-	(146,177)	-	(1,210,796)	Total Reclassified Other
Net Cost of Operations	102,850,703	70,758,171	-	32,092,532	-	102,850,703	Net Cost of Operations

NOTE 25. RECLASSIFICATION OF BALANCE SHEET, STATEMENT OF NET COST, & STATEMENT OF CHANGES IN NET POSITION FOR FR COMPILATION PROCESS (CONT.)

FY 2021 U.S. DOT STATEMENT OF CHANGES IN NET POSITION		LINE ITEMS USED TO PREPARE FY 2021 GOVERNMENT-WIDE STATEMENT OF CHANGES IN NET POSITION					
Financial Statement Line	Amounts	Dedicated Collections Combined	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations Between Dedicated Collections and All Other	Total	Reclassified Financial Statement Line
Ending Balance – Cumulative Results of Operations	43,418,683	32,310,357	71,959	8,584,630	2,451,737	43,418,683	Net Position – Ending Balance
Total Net Position	\$ 139,515,194	\$ 33,029,739	\$ 71,959	\$ 103,961,759	\$ 2,451,737	\$ 139,515,194	Total Net Position
Non-Exchange Statement of Custodial Activity							
Non-Exchange Custodial Collections from the Note on Custodial Activity	171,795	-	-	171,795	-	171,795	Other Taxes and Receipts
Disposition of Non-Exchange Custodial Collections from the Note on Custodial Activity	(171,795)	-	-	(70,268)	-	(70,268)	Non-Entity Custodial Collections Transferred to the General Fund
		-	-	(104,377)	-	(104,377)	Collections Transferred to a TAS Other Than the General Fund of the U.S. Government
		-	-	5,271	-	5,271	Accrual of Collections Yet to be Transferred to a TAS Other Than the General Fund of the U.S. Government
		-	-	(2,421)	-	(2,421)	Accrual for Non-Entity Amounts to be Collected and Transferred to the General Fund
<i>Total Disposition of Non-Exchange Custodial Collections</i>	<i>(171,795)</i>	<i>-</i>	<i>-</i>	<i>(171,795)</i>	<i>-</i>	<i>(171,795)</i>	<i>Total Reclassified Disposition of Non-Exchange Custodial Collections</i>

Required Supplementary Information

DEFERRED MAINTENANCE AND REPAIR (UNAUDITED)

For the period ended September 30, 2021

DOLLARS IN THOUSANDS			Cost To Return To Acceptable Condition	
DOT Entity	Major Class of Asset	Description	Beginning Balance	Ending Balance
FAA	Staffed Facilities	Buildings, structures, and facilities at major and nonmajor airports	\$ 364,107	\$ 617,439
	Unstaffed Facilities	Long range radars; unstaffed infrastructure and fuel storage tanks	1,077,861	1,107,515
MARAD	Vessels	Ready Reserve Force ships and vessels at various locations	42,654	44,138
	Buildings	Real property structure—U.S. Merchant Marine Academy	67,913	67,913
Total			<u>\$ 1,552,535</u>	<u>\$ 1,837,005</u>

Deferred Maintenance and Repairs (DM&R) are maintenance and repairs that were not performed when they should have been or were scheduled to be performed and delayed until a future period. Maintenance and repairs are the act of keeping fixed assets in acceptable condition, and they include preventative maintenance, normal repairs, replacement of parts and structural components, and other activities needed to preserve assets in a condition to provide acceptable service and to achieve expected useful lives.

DOT's reporting of DM&R includes the Operating Administrations of FAA and MARAD, which include facilities critical to our Nation's airspace and maritime operations.

The FAA deferred maintenance includes facilities that must be maintained at 90 to 95 percent of prescribed levels to be considered in fair condition or better. DM&R are estimated using condition assessment surveys to establish Facilities Condition Index scores and lifecycle short forecasts. The estimates include FAA's buildings, structures and facilities both staffed and unstaffed. The staffed facilities that directly support air traffic control operations are assessed for DM&R and lifecycle costs on a rotating basis by a qualified engineering firm. DM&R for unstaffed infrastructure facilities is determined by facility surveys.

DM&R estimates for the FAA long-range radar facilities supporting critical airspace system facilities were computed through actual onsite facility assessments based on the Plant (facility) Replacement Value as estimated by the long-range radar planning and requirements specialist located in FAA's service centers. DM&R calculations for fuel storage tanks are determined based on the age of the structure. Additionally, FAA revised the methodology for computing the deferred maintenance for unstaffed infrastructure in FY 2017. FAA now maintains an itemized database that contains all active capital assets along with their associated lifecycles and replacement costs. The current computation is based upon asset lifecycles instead of the previous estimate methodology which was based upon a 2008 engineering assessment and annual sustainment requirements.

The DM&R at MARAD includes Ready Reserve Force (RRF) vessels at various locations, National Defense Reserve Fleet (NDRF) and facilities, and the U.S. Merchant Marine Academy (USMMA). MARAD maintains RRF vessels in accordance with their assigned readiness status and current condition status. The current condition status is a function of required repairs of deficiencies and their impact on the ability to activate and operate a vessel in accordance with the readiness status. MARAD ship managers prioritize preventive maintenance actions, repair, and upgrade actions in accordance with the activities' impact to readiness. Exclusions were made for environmental initiatives work not normally considered maintenance because these represent enhancements for energy savings impacting the environment or other environmental impacts.

DEFERRED MAINTENANCE AND REPAIR (UNAUDITED) (CONT.)

NDRF and fleet facilities are required to maintain updated facility condition assessment documentation and fleet craft servicing plans to ensure facilities are maintaining acceptable operational and infrastructural conditions for mission accomplishment. In support of this, appropriate planning and budgeting is performed throughout the year. Priorities are assigned based upon annual budget guidance. The NDRF fleets and facilities acceptable condition is determined by the fleet organization's ability to accomplish the fleet mission, meet all fleet policy objectives, and comply with annual budget guidance. The NDRF fleets and facilities acceptable condition is determined by the fleet organization's ability to accomplish the fleet mission, meet all fleet policy objectives, and comply with annual budget guidance. MARAD Resource Management Board has concluded that it has sufficient resources to fund requirements necessary to maintain NDRF and fleet facilities in acceptable condition. Projects that would improve fleet conditions beyond just acceptable conditions remain in budget submissions mainly for visibility purposes and to support future decisions if critical factors change and the improvements themselves become mission critical. This change resulted in zero DM&R costs for NDRF and fleet facilities.

The Computerized Maintenance Management System, or CMMS, is primarily used to track maintenance and repairs on the USMMA property and equipment and generating preventative maintenance schedules on a predetermined period. DM&R activities are prioritized based on life and safety concerns as determined by the USMMA Department of Public Works management and USMMA environmental department. Acceptable condition standards must meet the established maintenance standards and operate efficiently under normal life expectancy. Scheduled maintenance is sufficient to maintain the current condition or meet the minimum standards while requiring additional maintenance or repair to prevent further deterioration, increase operating efficiency, and to achieve normal life expectancy.

COMBINING STATEMENTS OF BUDGETARY RESOURCES BY MAJOR ACCOUNT (UNAUDITED)

For the period ended September 30, 2021

DOLLARS IN THOUSANDS	Federal-Aid	FAA	FTA	MARAD	All Other	Total
BUDGETARY RESOURCES						
Unobligated Balance From Prior Year Budget Authority, Net	\$ 20,799,060	\$ 6,775,933	\$ 19,127,870	\$ 1,388,673	\$ 13,029,941	\$ 61,121,477
Appropriations (Note 1W)	-	41,032,106	47,268,169	1,232,709	37,059,588	126,592,572
Borrowing Authority	-	-	-	89	10,565,830	10,565,919
Contract Authority	46,099,471	3,350,000	10,999,178	-	2,319,413	62,768,062
Spending Authority From Offsetting Collections	715,390	11,222,619	199	620,908	1,619,932	14,179,048
Total Budgetary Resources	\$ 67,613,921	\$ 62,380,658	\$ 77,395,416	\$ 3,242,379	\$ 64,594,704	\$ 275,227,078
STATUS OF BUDGETARY RESOURCES						
New Obligations and Upward Adjustments	\$ 45,366,038	\$ 52,810,501	\$ 31,677,083	\$ 1,944,416	\$ 44,320,810	\$ 176,118,848
Unobligated Balance, End of Year						
Apportioned, Unexpired Accounts	4,119,578	7,114,408	45,703,923	1,093,917	18,636,281	76,668,107
Unapportioned, Unexpired Accounts	18,128,305	2,329,956	12,104	192,633	1,533,341	22,196,339
Unexpired Unobligated Balance, End of Year	22,247,883	9,444,364	45,716,027	1,286,550	20,169,622	98,864,446
Expired Unobligated Balance, End of Year	-	125,793	2,306	11,413	104,272	243,784
Unobligated Balance, End of Year	22,247,883	9,570,157	45,718,333	1,297,963	20,273,894	99,108,230
Total Budgetary Resources	\$ 67,613,921	\$ 62,380,658	\$ 77,395,416	\$ 3,242,379	\$ 64,594,704	\$ 275,227,078
OUTLAYS, NET, AND DISBURSEMENTS, NET						
Outlays, Net	\$ 43,618,855	\$ 39,421,662	\$ 24,369,873	\$ 926,377	\$ 27,589,559	\$ 135,926,326
Distributed Offsetting Receipts	-	(16,418,603)	(2,533)	(22,935)	(14,202,413)	(30,646,484)
Agency Outlays, Net	\$ 43,618,855	\$ 23,003,059	\$ 24,367,340	\$ 903,442	\$ 13,387,146	\$ 105,279,842
Disbursements, Net				\$ (58,443)	\$ (2,632,579)	\$ (2,691,022)

COMBINING STATEMENTS OF BUDGETARY RESOURCES BY MAJOR ACCOUNT (UNAUDITED) (CONT.)

For the period ended September 30, 2020

DOLLARS IN THOUSANDS	Federal-Aid	FAA	FTA	MARAD	All Other	Total
BUDGETARY RESOURCES						
Unobligated Balance From Prior Year Budget Authority, Net	\$ 21,671,542	\$ 6,493,683	\$ 18,184,118	\$ 1,576,981	\$ 13,752,514	\$ 61,678,838
Appropriations (Note 1W)	—	34,669,210	27,760,000	1,061,454	8,283,807	71,774,471
Borrowing Authority	—	—	—	340,793	4,178,792	4,519,585
Contract Authority	45,729,860	3,350,000	11,372,459	—	1,562,637	62,014,956
Spending Authority From Offsetting Collections	304,320	11,280,715	50	523,383	1,261,792	13,370,260
Total Budgetary Resources	\$ 67,705,722	\$ 55,793,608	\$ 57,316,627	\$ 3,502,611	\$ 29,039,542	\$ 213,358,110
STATUS OF BUDGETARY RESOURCES						
New Obligations and Upward Adjustments	\$ 45,189,922	\$ 49,437,939	\$ 39,090,979	\$ 2,122,550	\$ 16,773,278	\$ 152,614,668
Unobligated Balance, End of Year						
Apportioned, Unexpired Accounts	4,748,298	3,882,346	18,197,226	1,204,145	11,667,499	39,699,514
Unapportioned, Unexpired Accounts	17,767,502	2,303,292	26,121	161,937	537,571	20,796,423
Unexpired Unobligated Balance, End of Year	22,515,800	6,185,638	18,223,347	1,366,082	12,205,070	60,495,937
Expired Unobligated Balance, End of Year	—	170,031	2,301	13,979	61,194	247,505
Unobligated Balance, End of Year	22,515,800	6,355,669	18,225,648	1,380,061	12,266,264	60,743,442
Total Budgetary Resources	\$ 67,705,722	\$ 55,793,608	\$ 57,316,627	\$ 3,502,611	\$ 29,039,542	\$ 213,358,110
OUTLAYS, NET, AND DISBURSEMENTS, NET						
Outlays, Net	\$ 46,719,494	\$ 30,761,594	\$ 25,373,272	\$ 667,100	\$ 8,587,277	\$ 112,108,737
Distributed Offsetting Receipts	—	(10,409,856)	(1,157)	(87,232)	(1,303,471)	(11,801,716)
Agency Outlays, Net	\$ 46,719,494	\$ 20,351,738	\$ 25,372,115	\$ 579,868	\$ 7,283,806	\$ 100,307,021
Disbursements, Net				\$ 378,709	\$ (4,104,510)	\$ (3,725,801)

Marine War Risk Insurance Program (Unaudited)

For FY 2021 and FY 2020, MARAD covered nonpremium war risk insurance with a total coverage per year of \$279 million. The DoD indemnifies MARAD for any losses arising out of the nonpremium insurance. There have been no losses and no claims are outstanding for this nonpremium insurance. There is approximately \$53 million in the Marine War Risk Insurance fund to reimburse operators that may be covered by premium insurance in future periods for national security and defense purposes. For FY 2021 and FY 2020, there were no outstanding policies or obligations for the premium based war risk insurance program.

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1200 New Jersey Ave SE
Washington, DC 20590
www.oig.dot.gov